

Government that Works!

New Jersey Department of the Treasury

LOCAL GOVERNMENT BUDGET REVIEW

BOROUGH OF BOUND BROOK

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Bound Brook

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making State Government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs, and the property taxes that pay for them, have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the State had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the State at no cost. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those State regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams, in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the Review Team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the Review Team, and agree to an open public presentation and discussion of the Review Team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors, and any other appropriate individuals. The Review Teams examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The Review Team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the Review Team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
SUMMARY OF RECOMMENDATIONS
BOROUGH OF BOUND BROOK**

Payroll Process

The inclusion of overtime payments in the regular bi-weekly payroll checks and the elimination of separate overtime checks would provide savings of approximately \$405.

Budget

If borough officials used less anticipated surplus as revenue, the borough would raise its level of surplus to a more adequate level. It is suggested that the borough use approximately \$50,000 less surplus as revenue.

If borough officials were a little more conservative in their estimation of current tax collections, the borough would be in a sounder financial position. The additional cost for this action would be \$68,331.

We recommend the addition of a part-time financial clerk position. The additional cost for this action is estimated to cost \$9,800 with a corresponding productivity enhancement of \$25,896.

Legal

The elimination of pension, social security and medicare benefits for part-time professionals, such as the borough attorney and the prosecutor, would save approximately \$2,265.

Police

The use of substitute dispatchers to fill in during the absences of full-time dispatchers should save the borough approximately \$46,158, while using Somerset County's dispatching services would save approximately \$141,030.

The reduction of one vehicle in the police fleet would provide the department with an annual maintenance cost savings of approximately \$1,469 with a one-time revenue enhancement of \$1,000.

Court

The scheduling of municipal court cases on days when officers are on duty will save the municipality approximately \$8,111.

The reorganization of the titles and pay scale in the court office would improve the existing retention problem. The additional cost would be between \$520 to \$1,693.

The use of the electronic ticket filing and posting system available to parking authorities would provide a productivity enhancement of \$4,225.

Public Works

Restructuring the collection routes, using automatic loaders, or using a private contractor for garbage collection would provide savings of \$99,226 to \$146,124.

By reducing the current tipping fee, the borough could save approximately \$51,563.

If the borough negotiated with the county for services or payment to reimburse the municipality for the sweeping of county roads, it would provide a revenue enhancement of \$6,965.

If the borough promoted and implemented an on-site composting of yard waste, it would provide a productivity enhancement of approximately \$22,000 with a one-time cost of approximately \$53,550.

The borough should implement a comprehensive record keeping system with fleet management software. The approximate cost for this action would be \$1,500 to \$3,000.

Uniform Construction Code (UCC)

After the retirement of the current part-time plumbing inspector, the elimination of health, pension and medicare benefits for that position would save the borough approximately \$5,168.

Recreation

Reaching the goal of having the department 50% self-sustaining would result in additional revenue of \$22,915, based on 1997 figures.

Health

Increasing the hours of the health inspector should allow for the inspection of all food establishments. The additional cost for this will be approximately \$10,153.

Collective Bargaining Agreements

The modification or elimination of the PBA's longevity benefit could save \$851 to \$24,452.

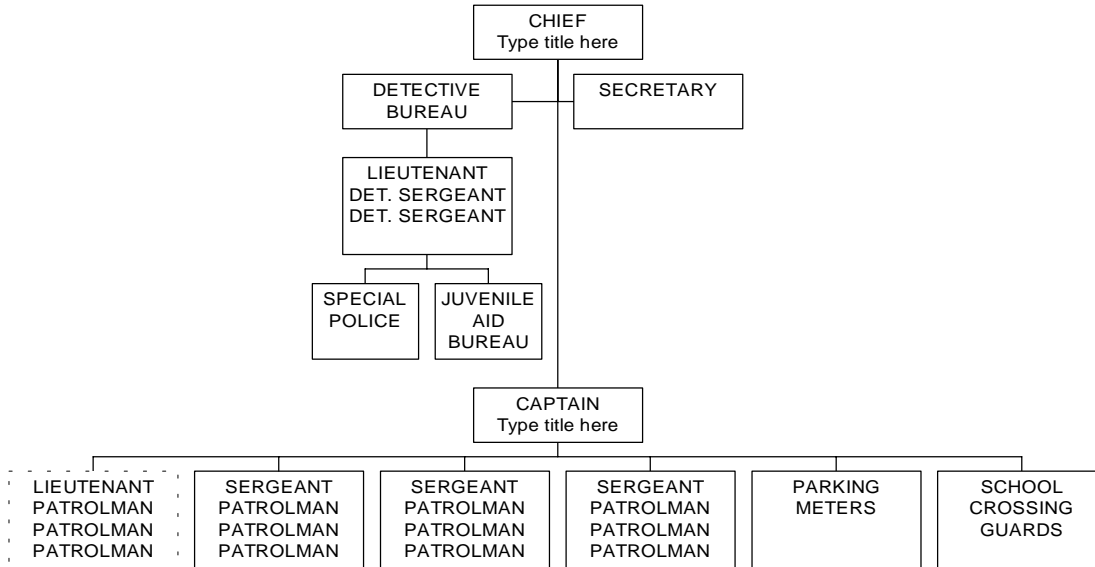
Restructuring the PBA uniform allowance would save approximately \$11,305.

The institution of a cap on the maximum terminal leave payout for accrued, but unused sick time at the time of retirement for PBA employees would provide a savings of \$14,823, based on 1997 expenses.

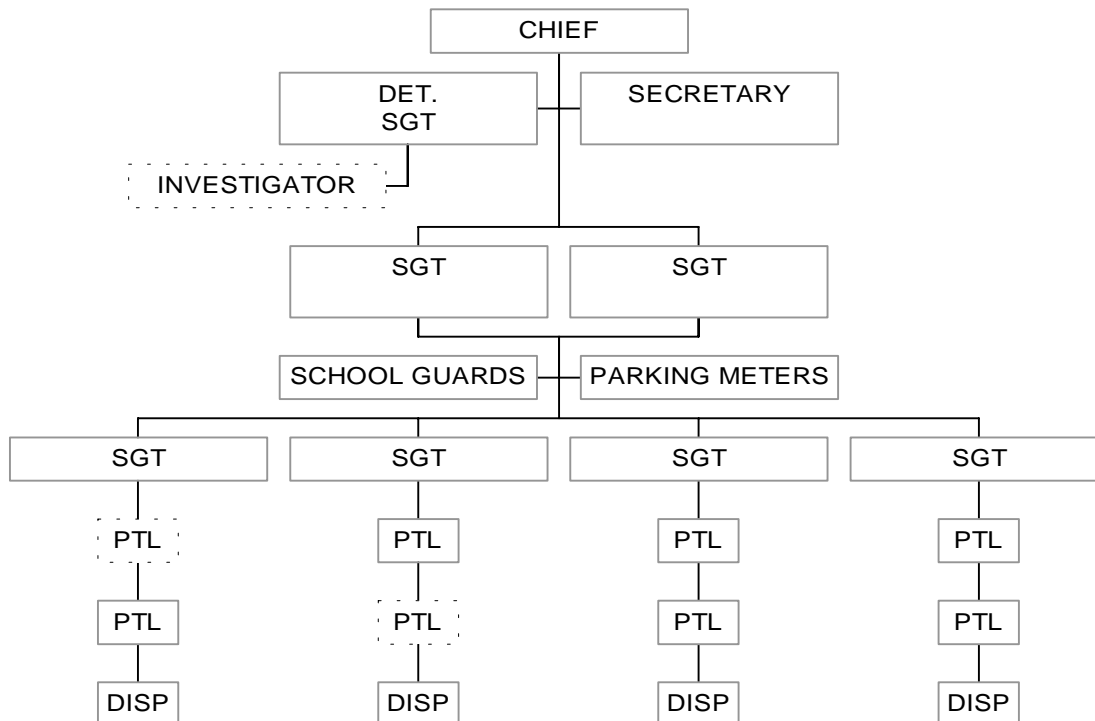
Reducing the number of personal days for all police officers from four days to three days would save the borough approximately \$6,134.

ADDENDUM A
POLICE ORGANIZATIONAL CHARTS

PRIOR TO 1998



NEW ORGANIZATION



ADDENDUM B

Middlebrook Health Commission 1997 Annual Report Summary

Laboratory Analytical Data Tests

Including building radon, food analysis, utensil swabs, air quality, soil analysis, tick testing, blood and environmental lead tests, well water, public water, streams, pools, monitoring open and sealed/abandoned wells. A total of 110 tests were conducted in 1997.

Permits/Complaint Referrals from NJ DEP

Including underground storage tank problems, operating CEHA boilers w/o permits, emergency/air pollution, and clean up plans/permits. In 1997, 17 permits/complaint referrals were handled.

Food Establishment Inspections

Inspected 33 of 65 food establishments. Also, 23 non-profit organizations, schools, and confectionery licenses were inspected.

Rabies Clinic

Tested 88 animals.

Court Actions

Violations involved insects/rodents, food, septic, dogs, housing, solid waste, weeds, wells and tobacco age of sale.

Child Health Conference Services

Includes tracking children under and over the age of five every three months for immunizations, physicals, vision check, and hearing test and nutrition assessment. There is no separate breakout for Bound Brook residents.

Communicable Disease Reports

Conducted 48 reports including hepatitis and food poisoning. They do not include sexually transmitted diseases, AIDS, HIV, or TB cases handled directly by county clinics were not included.

TB Clinic at Somerset Medical Center

Included the following categories for treatment of Bound Brook residents: 7 Pulmonary, 2 Non-pulmonary, 2 New Pulmonary, 25 Oral Medication, 7 Chemotherapy, and 9 x-rays.

Sexually Transmitted diseases (STD's)

Included 1 Syphilis, 1 Gonorrhea, 9 Chlamydia, 1 TB, 28 AIDS cases, 18 AIDS deaths and 7 HIV.

Tri-County/Elizabeth Visiting Nurse Association

Provided 475 Nursing Visits, 204 Home Health Aide visitations for 15 patients, 6 Blood Pressure sessions and 87 Screening Census participants.

Bound Brook 1997 Vital Statistics						
	Birth Certificates @ \$4	Marriage Licenses @ \$3	Copies @ \$4	Death Certificates @ \$4 Add'l @ \$2	Burial Permits @ \$1	
January	8	15	70	435	2	\$530
February	12	24	94	277	12	\$419
March	24	51	76	370	7	\$528
April	12	27	108	167	10	\$324
May	12	45	76	242	13	\$388
June	24	27	76	130	8	\$265
July	12	33	94	483	16	\$638
August	24	36	108	262	12	\$442
September	4	36	94	216	11	\$361
October	16	27	108	376	17	\$544
November	4	21	44	350	17	\$436
December	12	6	68	282	10	\$378
Total	\$164	\$348	\$1,016	\$3,590	\$135	\$5,253

<u>Areas Involving Monetary Recommendations</u>	<u>Onetime Savings/Expense</u>	<u>Annual Savings/Expense</u>	<u>* Potential Savings</u>	<u>Totals</u>
Payroll Process				
Include Overtime Payments in Bi-weekly Checks			\$405	
				\$405
Budget				
Build-up Surplus Level			(\$50,000)	
Use Lower Projected Tax Collection Rate			(\$68,331)	
Hire a Part-time Financial Clerk			(\$9,800)	
Productivity Enhancement from New Clerk			\$25,896	
				(\$102,235)
Legal				
Eliminate Pension, SS & Medicare Benefits for Borough Attorney			\$920	
Eliminate Pension, SS & Medicare Benefits for PT Prosecutor			\$1,345	
				\$2,265
Police				
Use Substitute Dispatchers to Fill in for Full Time Dispatchers		\$46,158	\$141,030	
Reduction in Maintenance by Reducing One Vehicle from Fleet			\$1,469	
One time Revenue Enhancement from Reducing Maintenance Cost	\$1,000			
				\$48,627
Court				
Schedule Court Cases for Days when Officers are on Duty			\$8,111	
Reorganization of Titles and Pay Scale		(\$520)	(\$1,693)	
Use of Electronic Ticket Filing & Posting System			\$4,225	
				\$10,643
Public Works				
Reduction in Tipping Fee			\$51,563	
Restructure Collection Routes		\$99,226	\$146,124	

Reimbursement from County for Sweeping Roads		\$6,965		
Implement On-site Composting of Solid & Food Waste		\$22,000		
Provide Bins for Half of the Households	(\$53,550)			
Implement Record Keeping System with Fleet Mgmt. Software	(\$1,500) (\$3,000)			
				\$123,204
Uniform Construction Code (UCC)				
Elimination of Benefits for PT Plumbing Inspector Position		\$5,168		
				\$5,168
Recreation				
Develop Policy on Tax Subsidy for Recreation Activities		\$22,915		
				\$22,915
Health				
Increase Hours of Health Inspector		(\$10,153)		
				(\$10,153)
Collective Bargaining Agreements				
Modify or Eliminate PBA Longevity			\$851 \$24,452	
Restructure PBA Uniform Allowance			\$11,305	
Cap Maximum Terminal Leave Payout			\$14,823	
Reduce Personal Days for Police Officers			\$6,134	
				\$33,113
Total Recommended Savings	(\$55,550)	\$156,389	\$33,113	\$100,839
* \$33,113 not included in savings of \$100,839.				
Total Recommended Savings	(\$55,550)	\$156,389	\$33,113	\$100,839
* \$33,113 not included in savings of \$100,839.				

Total Amount Raised for Municipal Tax 1997	\$3,675,866
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Savings as a % of Municipal Tax	3%
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Total Budget 1997	\$6,718,527
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Savings as a % of Budget	2%
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Total State Aid	\$1,067,566
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Savings as a % of State Aid	9%
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Budget	\$25,896	
Police	\$48,627	
DPW	\$179,754	
Recreation	\$22,915	
Other	\$20,174	
Negotiable Savings	\$33,113	
Budget	\$6,617,688	\$6,718,527
Savings	\$100,839	-\$100,839
		\$6,617,688

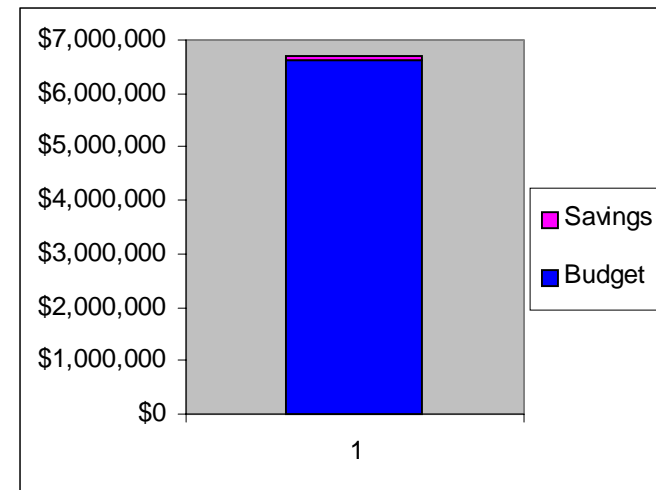
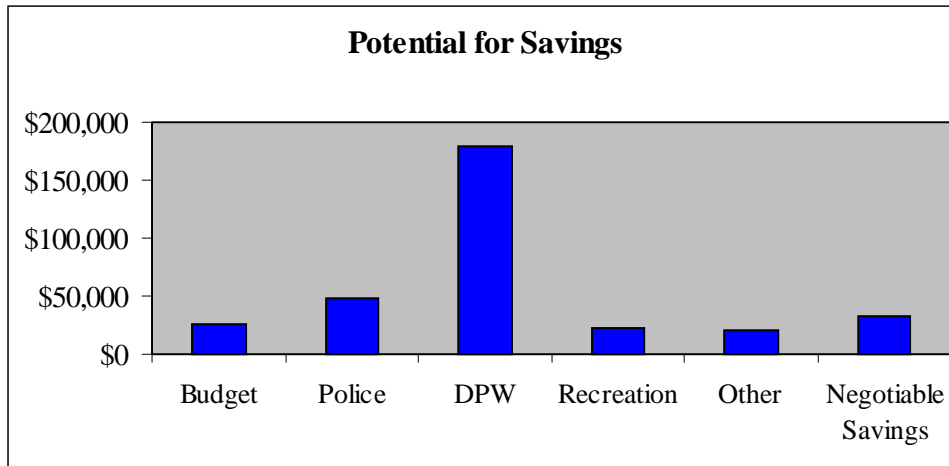


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COMMUNITY OVERVIEW

The Borough of Bound Brook is the oldest settlement in Somerset County and was settled on land purchased from Native Americans in 1681. The borough is located in the easternmost part of Somerset County, approximately 35 miles west of New York City. It has always been a transportation hub. The borough is in the immediate proximity of many of the East's major highways; U.S. Highway Route 22, Interstate 287, and New Jersey Routes 28, 202 and 206 are all within five minutes driving time of the municipality. As an attractive residential borough, Bound Brook enjoys all the major advantages of a major metropolitan area, while maintaining the atmosphere of a small town.

It is approximately 1.6 square miles with a 1990 population of 9,487. Since 1980, the population has decreased by 9.2% from 10,450. Approximately 81% of the tax base is residential and 13% is commercial or industrial; just 1% of land is vacant.

While many residents come from families that have lived in Bound Brook for years, an increasing number of ethnically diverse residents are moving into the borough. According to the 1990 Census, race and national origin consists of the following: 91% white, 2% African American, 2% Asian and 5% other cultures. Approximately 14% of the population are of Hispanic origin. Almost 14% of the population are over 65 years of age.

According to the 1990 Census figure, the median family income was \$43,255 with 517 persons in poverty and median home value of \$165,500. The per capita property tax base for Bound Brook is \$45,545, while Somerset County has a \$94,600 per capita property tax base.

Bound Brook has continued to provide the high level of service expected by residents while controlling costs. To do so, the borough has used techniques such as interlocal agreements, competitive contracting, shared services and regionalization.

The total municipal budget decreased from \$6,944,906 in 1996 to \$6,718,527 in 1997 representing a 3.3% decrease while the overall tax rate decreased from 3.19 to 3.17. The municipal tax rate has actually decreased each year since 1994. The total equalized assessed valuation for the Borough of Bound Brook in 1997 was \$412,204,489. The assessed valuation decreased by over \$16 million from 1995 through 1997.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices that are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot site every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

Senior Citizen Volunteerism

The borough uses senior citizens to provide the manpower necessary for certain services. Senior volunteers are used whenever there are bulk mailings for items such as newsletters and tax bills. Volunteers stuff and prepare all envelopes for these mailings, usually on eight different occasions during the year. Senior citizen volunteers are also used for the annual dog canvassing program.

Natural Gas Consortium

The borough also participates in a natural gas consortium with other municipalities and school boards in Middlesex and Somerset County. The consortium began in October, 1996. The Middlesex County Education Services Commission serves as the lead agency. The consortium has had an 11% cost saving to its members.

Sharing Resources

Bound Brook's clerk-administrator also serves as the tax collector in South Bound Brook and as the Certified Municipal Finance Officer (CMFO) in Manville. The relationship that the clerk-administrator has in these three municipalities has allowed for an informal sharing of resources. If Bound Brook needs a specialized piece of equipment which Manville has, the clerk-administrator is able borrow the needed equipment fairly easily.

Property Maintenance Automation

The borough has an automated system for property maintenance code enforcement. When an inspector finds a violation, the block and lot numbers and violation code are entered into the computer. A letter is automatically generated to the property owner stating the specific violation and is immediately placed in the mail. Owners are given a specific amount of time to address the violations before fines are imposed. If the violations are not addressed within specified time period, a summons is issued. Several municipalities have contacted the borough to emulate this system.

Police Vehicle Maintenance

The municipality contracts with Somerset County for all police vehicle maintenance including preventive maintenance. The municipality is charged \$28.88 per hour for labor plus parts. The labor rate for private commercial service stations in the area is approximately \$40-50 per hour.

II. OPPORTUNITIES FOR CHANGE/RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefit, social security, pension, unemployment and other direct benefit costs.

GOVERNING BODY

The Borough of Bound Brook operates under the borough form of government. The mayor serves as head of the government and presides over the council. The mayor is elected for a four year term, while six council members are elected at-large, two each year for three year terms. A Council President is elected by vote of the majority of the council annually at the reorganization meeting each January. The council president presides at all meetings when the mayor does not preside. Two council meetings are held per month; one regular meeting and one agenda meeting.

Council members actively participate in policy setting for the departments through a committee structure and work closely with various department heads.

Council members do not receive any salary, stipend or health benefits. Expenditures directly attributed to the mayor and council are embedded in the administrative/executive budget and difficult to determine.

The borough is commended for keeping council expenses to a minimum.

ADMINISTRATION

Staffing

According to the municipal code chapter 2-6A.2, the borough administrator shall act as an agent for the mayor and borough council as administrative officer responsible for the day to day operations of the municipal government. The current administrator, who was hired in 1990, also serves as the borough clerk and has the official title of Borough Clerk-Administrator.

The clerk-administrator is also a Certified Tax Collector (CTC) and a Certified Municipal Finance Officer (CMFO). The clerk-administrator works on a part-time basis as the CMFO in Manville and as the tax collector in South Bound

Brook. The clerk-administrator has separate private agreements with each town. That is, there are no formal agreements or interlocal agreements between the Borough of Bound Brook and these two towns. This work is done after Bound Brook working hours.

Formalizing these shared services as an interlocal agreement would improve the borough's eligibility for State funds under the Regional Efficiency Aid Program (REAP), which was enacted by the legislature in 1999. This program, which was outlined in the Property Tax Commission report, provides funds to municipalities and school districts that engage in joint service programs.

The clerk-administrator's office also consists of a deputy borough clerk, a receptionist/typist and a general clerk. The deputy has been with the borough for eight years and has served as the deputy for three years. The receptionist/typist has served in this position for three years and has been with the borough for eight years.

Recommendation:

The borough should consider formalizing the shared services with the borough clerk-administrator by adopting interlocal service agreements with Manville and South Bound Brook.

Financial

The total salary and direct benefits for these positions were \$167,079 in 1997. Total administrative and executive other expenses covering the council, the borough clerk, purchasing, office and computer supplies, advertising and postage were: \$11,639. The total cost for the administrative and executive department, which includes the mayor and council and the borough clerk, was \$178,718.

Newsletter

The borough mails a quarterly newsletter in March, June, September and December to keep Bound Brook residents informed of pertinent municipal news. The newsletter is funded entirely through advertising space at no cost to the taxpayers. The borough raises approximately \$5,000 in advertising fees to completely cover the costs of the newsletter.

The borough is commended for providing a newsletter to its residents at no cost to its taxpayers.

BOROUGH CLERK

Staffing

The clerk-administrator became certified as a Registered Municipal Clerk in 1991.

Financial

The 1997 costs for the borough clerk's office are embedded in the administrative and executive budget.

Functions

The clerk-administrator is officially responsible for attending all borough council meetings and keeping records of all minutes of those meetings, engrossing all ordinances and resolutions, conducting assessment searches, and processing various borough certificates and licenses. The agenda for council meetings are set preliminarily by the clerk-administrator and then finalized after meeting with the administrator and mayor. This office is also responsible for the preparation and distribution of meeting packets to council members. The clerk's office also coordinates the retention of all borough records, including insurance policies and claims. The clerk-administrator also serves as registrar of vital statistics and recycling coordinator.

All records, especially minutes, resolutions and ordinances appear to be well maintained and well organized. The municipal code book is kept up to date and is codified in-house usually two to three times per year.

PERSONNEL/COMPENSATION/BENEFITS

Staffing

The borough employed 77 full-time, 33 part-time and 51 seasonal employees in 1997. These are documented in the payroll report and accounted for \$2,691,835 in gross salaries.

For purposes of our analysis, the LGBR team computed the “direct” and “indirect benefits,” as well as the “position value” for each employee. The position value is used to compare specific costs and include specific components: (a) base salary is the individual’s salary without longevity, educational stipends or shift differentials and other similar additions, (b) longevity is a dollar increment based upon date of hire and years of continuous employment, (c) holiday, (d) medical, dental, prescription, and vision care are based on the level and type of coverage, (e) pension is calculated on base salary, and (i) social security and medicare are calculated from gross salary.

Contracted Professionals

The borough contracts with private individuals to handle specialized functions and include the borough attorney, prosecutor, independent auditor, and engineer.

Resolution 97-2 appointed the borough auditor on behalf of the mayor and borough council. This resolution did not specify the cost and did not indicate an amount “not to exceed.” An agreement outlining expected services and fee schedule was not executed. According to financial records, the auditor was paid \$53,660 in 1997. This figure included \$41,350 for the 1996 audit, \$11,560 for a special payroll audit, and \$750 for the deferred compensation plan audit.

Resolution 97-10 appointed the borough attorney, the municipal prosecutor/assistant borough attorney, and the borough auditor. Resolution 97-11 appointed the borough engineer on behalf of the mayor and borough council. These resolutions did not specify the cost and did not indicate an amount “not to exceed” for any of these professionals. These resolutions also authorized and directed the mayor and clerk-administrator to execute an agreement with each professional, which was not done.

The borough does not submit requests for proposals (RFP’s) for any contracted professionals.

Recommendation:

It is recommended that the borough, in consultation with its municipal attorney, execute contracts annually, or as otherwise appropriate, with all contracted professionals. The contract or agreement should clearly state the services and responsibilities included in the base contract. Also, a fee schedule for ancillary services not included in the base contract should be addressed. The contract and the appointing resolution should have a cap or an amount that should not to be exceeded. The borough should also submit requests for proposals (RFP) every two to three years for each contracted position.

Payroll Process

The tax collector is primarily responsible for the bi-weekly payroll system. The police department and the court maintain separate time sheets from the other municipal departments. All time sheets for employees are submitted to the tax collector on the Friday prior to each pay period. All employees do not submit time sheets. Only employees who worked overtime submit time sheets.

Recommendation:

It should be noted that the ADP master control file had missing fields of information, such as, dates of hire and termination dates. Employee names no longer employed by the borough were still on file. Employee files should be more closely maintained and an effort made to verify incomplete or missing information. Time sheets should be submitted by employees in all departments for every pay period and maintained by a centralized division.

Payroll Audits

In 1997, the borough contracted with a private payroll vendor for the check processing function at an annual cost of approximately \$47,000. In January, 1996, Somerset County assumed responsibility for the payroll function and maintained it for approximately 10 months. During this period, the borough experienced problems with the payroll function and the CFO had additional oversight responsibilities due to processing errors and the payroll function. The payroll function was returned to the original vendor.

The borough contracted with the borough auditor to conduct a special payroll audit. The 1996 annual audit had 10 payroll-related recommendations.

The Department of Community Affairs (DCA) was also contacted by borough officials to review irregularities in the finance office, especially payroll activities. The DCA audit found several problems and irregularities. There were many instances when various payroll records were not available for review. In most of these cases, the records were missing. The 1997 annual audit stated that various payroll reports were not available for audit. LGBR also observed poor record keeping and filing systems. There were several instances of documents missing from personnel files. The DCA report suggested that a system for the maintenance of personnel and payroll records be established. LGBR agrees that the payroll and personnel functions need to completely reorganize its record retention and filing systems.

Recommendation:

It is recommended the borough completely revise and reorganize its record keeping, record retention, and filing system. Improved internal security controls are necessary to ensure that records do not continue to disappear. The borough should also comply with all DCA suggestions, especially to provide training to all payroll involved employees through their payroll service provider.

Employee Manual

The borough has an employee manual outlining personnel policy and administration for all employees. The terms and conditions of employment and employee benefits are clearly stated. This document was last revised August, 1995.

Chapter 3 of the Municipal Code Book entitled "Personnel Policy" describes the personnel office and outlines various personnel benefits and provisions. This section is largely obsolete as many of the benefits and provisions have been revised in the personnel manual and labor contracts.

Municipal Code Book chapter 3-13.3 states that all employees shall retire at age 65. N.J.S.A. 10:3-1 bans public employers from imposing a mandatory retirement age.

Recommendation:

It is recommended the borough carefully review and update the personnel policies in the code book and the manual to consistently and accurately reflect actual benefits and provisions, as well as the legality of some provisions.

Job Descriptions

The borough does not maintain job descriptions for its employees. Chapter 2 of the Municipal Code Book outlines the powers and duties of the following positions:

borough clerk	treasurer
borough administrator	chief financial officer
borough clerk-administrator	tax collector
deputy borough clerk	deputy collector
chief of police	assessor
construction code official/building official	purchasing agent

Recommendation:

It is recommended the borough maintain job descriptions for all employees.

Performance Evaluation

Department heads are charged with performing written evaluations for all employees. Performance evaluations have not been conducted on a routine basis.

Recommendation:

It is recommended the borough conduct performance evaluations on an annual basis for all employees.

Overtime

In 1997, overtime expenditures for all departments were \$62,676. Employees receiving overtime are paid by separate checks, which are processed every two months during the “non-pay” week of the bi-weekly pay schedule.

In 1997, approximately 180 separate overtime checks were processed at an estimated ADP cost of \$2.25 per check totaling \$405. Incorporating the overtime payments into the regular bi-weekly payroll will reduce administrative time to process separate checks.

Recommendation:

It is suggested the borough include overtime payments in the regular bi-weekly payroll checks and eliminate the separate checks.

Cost Savings: \$405

Sick Leave

After one year on the job, non-union employees earn between ten to twenty sick days per year depending on the number of years of service. Dispatchers are entitled to 15 sick days per year. The employee manual states that accumulated sick leave may be “banked” up to a maximum of twenty days. The State of New Jersey caps sick leave payouts to retirees at \$15,000.

Recommendation:

It is recommended the borough implement the sick leave payout cap used by the State of no more than \$15,000 per retiree.

Effective January 1, 1996, an employee may elect to be paid for any unused sick days at the end of any calendar year at the rate of one day’s pay for every four unused sick days. Employees electing this option must advise the borough administrator by October 15 of that year. In 1997, approximately 27 employees including 20 police officers utilized this provision. Approximately \$1,000 was expended.

The borough is commended for this innovative program which minimizes accrued sick leave payouts upon retirement.

Vacation Leave

According to the personnel manual, no employees shall carry more than 10 vacation days from the previous calendar year. Employees may defer vacation days for payment upon retirement. Any accumulated vacation time not used in one year may be carried on the books up to retirement. The vacation leave stated above is somewhat confusing and unclear as to what the actual policy is for carrying over vacation leave. According to borough officials, the carry over of vacation days from previous years is not enforced as some employees still have vacation days available to them from several years ago.

Recommendation:

The borough should review its vacation leave policy and develop, implement and enforce a consistent, clear and concise vacation leave policy. It is recommended that the borough consider eliminating the provision to defer vacation days for payment upon retirement.

Non-union employees (except dispatchers) earn 415 vacation days over a 25 year period and dispatchers earn 502 days over the same period. DPW employees will receive 415 days over 25 years, while PBA members will earn 517 days over the same period. Below is a chart for the PBA, AFSCME (DPW), non-union employees and non-union dispatchers.

Non-Union Employees (Except Police Dispatchers)

Up to six months	-	0 working days
Six months to one year	-	5 working days
One year to six years	-	10 working days
Six years to fifteen years	-	15 working days
Fifteen years to twenty years	-	20 working days
Twenty years to retirement	-	25 working days

Police Dispatchers

Up to six months	-	0 working days
Six months to one year	-	8 working days
One year to six years	-	10 working days
Six years to eleven years	-	17 working days
Eleven years to sixteen years	-	21 working days
Sixteen years to twenty-one years	-	26 working days
Twenty-one years to retirement	-	31 working days plus one day for each year over twenty-five years

PBA

Up to six months	-	0 working days
Six months to one year	-	8 working days
Six months to six years	-	13 working days
Six years to eleven years	-	17 working days
Eleven years to sixteen years	-	21 working days
Sixteen years to twenty-one years	-	26 working days
Twenty-one years to retirement	-	31 working days plus one day for each year over twenty-five years

DPW

Up to six months	-	0 working days
Six months to one year	-	5 working days
One year to six years	-	10 working days
Six years to fifteen years	-	15 working days
Fifteen years to twenty years	-	20 working days
Twenty years to retirement	-	25 working days

Longevity

Most borough employees are not entitled to this benefit. Only members of the PBA receive this benefit. LGBR believes this is a benefit with no tie to performance. Specific information regarding the PBA longevity compensation is outlined in the collective bargaining agreement section.

Holidays

All full-time employees are entitled to 12 paid holidays. Due to the number of holidays in November, Public Works employees work on Veteran's Day and are given Martin Luther King Day off in its place. The holiday allowance for all borough employees in 1997 was 1,786 days and was valued at \$122,294.

Personal Leave

All non-union employees receive two personal days annually. One of these must be the Friday after Thanksgiving.

MIS**Present Technology**

There is a mix of hardware throughout borough hall including, dumb terminals, printers and personal computers. Similarly, the software encompasses a variety of applications and versions that are not compatible.

Municipal Software, Inc. is responsible for maintenance of tax collection, purchasing, accounts payable and general ledger packages.

Besides the Uniform Construction Code Act Reporting System known as UCCARS, the construction office also has an automated system for property maintenance code enforcement. Several municipalities have contacted the borough to emulate the automated code enforcement system.

Technology Plan

The borough does not have a technology plan in place. A police sergeant has taken on the responsibility to network borough hall. Preliminary discussions indicate this would be accomplished through a bond proposal in 1999.

There is currently a shared database between police and the treasurer's office for taxpayer addresses. There are future plans to link the deputy clerk with this information.

Recommendations:

It is recommended the borough develop a technology plan. The plan should include: an implementation plan with anticipated costs, timelines, staffing and training requirements, and other relevant elements with a direct impact on the technology plan.

The LGBR team urges the borough to become involved with current computer technology issues. It is strongly recommended that the borough consider contracting with a consulting firm to formalize and implement a technology plan. LGBR also urges the borough council to proceed cautiously in choosing a reputable consultant with municipal and state governmental experience. The borough should request references of past and current municipal clients. Also, input from department heads should be sought to define their current and future requirements based on customer (resident) needs.

PURCHASING

Staffing

A part-time finance clerk and the tax collector/treasurer/finance officer staff the purchasing division. The finance clerk works approximately 18 hours per week and is primarily responsible for purchasing functions. The treasurer/finance officer supervises the purchasing functions, while the borough clerk-administrator serves as the borough purchasing agent and, ultimately, signs off on all purchase orders (PO's).

Financial

All personnel and other costs are embedded in the finance budget.

Functions

All purchasing and accounts payable functions are handled in this division. While there is no purchasing manual for the borough, purchasing policies and claims procedures are outlined in the municipal code book chapter 2-8.4 and chapter 2-8.5. There is a section that sets the purchasing procedure for certain price thresholds. This section requires verbal price quotes from vendors for items over \$50 and requires three written quotes for items over \$500. Sealed bids are required for purchases over \$2,500. The current bid threshold, as prescribed by the State, is \$12,300.

Recommendation:

It is recommended the borough review its purchasing section of the municipal code book and update this section as needed.

Requisitions are generated by each department and submitted to the purchasing agent for review and signature. The requisition is then forwarded to the finance office and is encumbered and availability of funds is certified. The finance clerk then generates a PO and sends it to the vendor for signature. The signed and returned PO is forwarded to the department for signature by the department head after receipt and acceptance of goods or services. It is then forwarded to the purchasing agent for final signature and then placed on the next bill list for approval by council. The borough administrator, who is the purchasing agent, reconciles the bank account.

The finance clerk follows-up on outstanding PO's on a regular basis. Also, the borough has a standard form that is used for emergency purchases. The borough has not had an emergency purchase since 1995.

Cooperative Purchasing

Bound Brook participates annually in the Somerset County cooperative purchasing program. The borough often bids items on their own. The clerk-administrator believes that the borough can and, in most cases, does beat the county prices; however, the borough always compares the county prices for the best deal.

The borough also participates in a natural gas consortium with the boroughs of South Bound Brook, Manville, Green Brook and most of the boards of education in Middlesex and Somerset County. The consortium began in October, 1996. The Middlesex County Education Services Commission serves as the lead agency. The consortium has had an 11% savings in natural gas costs to its members.

Automation

The purchasing department has a computer system to process PO's and claims payment. This system also handles tax collection, finance and budgeting functions.

The current computer system does not allow the borough to consolidate multiple purchase orders for a specific bill list to be consolidated onto one check. That is, if a vendor submits three separate vouchers for the same bill list, three different checks, instead of one, are generated and given to the vendor. Most purchasing systems allow multiple PO's to be consolidated into one check.

The borough is aware of this problem and indicated that their computer system vendor is working to correct this problem. In 1997, the borough printed over 300 “extra checks.” While the time and cost to process these “extra checks” is difficult to calculate, there will definitely be some savings by correcting this feature of the computer system.

Recommendation:

It is recommended the borough urge its computer system vendor to implement the ability to consolidate multiple PO’s and vouchers onto one vendor check.

Recordkeeping

After a bill list is approved at council meetings and checks are mailed to vendors, the stack of purchase orders for that bill list is then placed in an expandable folder and placed in a box on the floor of the finance office. PO’s are not sorted and stored in a systematic order. Rather, all PO’s are stored solely by the date approved. If someone wanted to review all vouchers and purchase orders for a particular vendor for the entire past year, one must go through the stack of PO’s from every bill list in the past year.

Recommendation:

It is recommended the borough retain purchase orders in a more organized manner and store them in a file cabinet for easy retrieval.

TAX COLLECTION

Staffing

A full-time tax collector/treasurer/finance officer and a full-time deputy tax collector staff the tax collection office. When the tax collector was hired in 1994, she was a Certified Municipal Finance Officer, but was not a Certified Tax Collector. As a condition of employment, the CMFO was required to obtain the tax collection certification, which was done in 1996.

The tax collector splits time between tax collection and finance/treasury functions, depending on the time of the year and the volume of work. Additional responsibilities of the tax collector include the coordination and preparation of the bi-weekly payroll and involvement with health benefits and some personnel functions. The deputy tax collector primarily performs tax collection duties, but also assists with finance/treasurer functions.

According to the tax collector, there are 2,650 tax lines in the borough. Using a benchmark established from prior Local Government Budget Review reports, an efficient staff to tax line ratio is equal to about 3,000 items per person. Based on this data, it appears that the office may be overstaffed. However, the tax collection office also generates a separate refuse bill for borough households. This significantly increases the amount of tax lines for which the office is responsible. In light of the added refuse bills and the additional duties of the tax collector, it appears that the tax collection function is appropriately staffed.

Financial

In 1997, the borough expended \$19,172 in salary and direct benefits for the deputy tax collector office and \$4,500 was expended in other expenses. The tax collector’s salary is embedded in the finance department budget.

Collection Rates

The borough’s tax collection rate was 96.56%, 97.15% and 96.80% in 1997, 1996 and 1995, respectively. The State of New Jersey recognizes an average/acceptable current tax collection rate of 95%. As identified in the 1997 audit, the office collected \$379,702 from delinquent taxes that represented approximately 96% of the delinquent tax receivable at December 31, 1996.

We commend the tax collection office for its successful collection efforts.

Operations

The tax billing and collection process is very standard in its procedures as prescribed by Title 54 in the New Jersey Statutes. Tax bills are sent out in June of each calendar year. Payments are due quarterly on the first of February, May, August, and November. The tax bills are generated in house.

The tax collection office utilizes various collection procedures to enforce the timely payment of taxes, according to the provisions of the New Jersey Statutes, such as a delinquent taxes notification procedure, tax sales, and lien and foreclosure procedures. As of December 31, 1997, the borough had tax title liens in the amount of \$46,899. The last tax sale was held on April 23, 1998.

Annual Report

In accordance with N.J.S.A. 54:4-91, the tax collector is required to submit, prior to the 60th day after the close of the preceding fiscal year, to the governing body a statement of receipts and taxes collected during the preceding year. The Bound Brook tax collector does not submit this report to the council. According to the tax collector, the report is not submitted because she does not have enough time to prepare the report due to her many treasurer, CMFO and tax collection duties.

Recommendation:

It is recommended that an annual report be submitted to the governing body in accordance with State Statute.

CASH MANAGEMENT

The cash management functions are handled primarily by the Treasurer/Certified Municipal Finance Officer, although not on a day to day basis.

The borough previously had a banking provider relationship with Fleet Bank and Nat West. There were many problems on a recurring basis so the treasurer sought out a more local bank with community ties. Cash deposits are now maintained with Summit Bank and include an analyses of services, wiring program and an analyzed account agreement that allows the borough flexibility in maintaining separate accounts while having them aggregated for purposes of a compensating balances and charges.

Cash Accounts

There are 14 accounts which are maintained with Summit Bank: (1) current, (2) net payroll, (3) payroll agency, (4) bond and coupons, (5) dog and cat trust, (6) capital, (7) general trust, (8) unemployment (PATF I and PATF II), (9) recreation, (10) American Legion Park Trust, (11) bail, (12) violations, and (13) newsletter.

All accounts are under an "account analysis" whereby, cash balances are aggregated at the end of each business day. Subsequently the "float," "reserve requirement," and "balance required for services," are debited against the "average ledger balance." A "net available collected balance" is calculated and the interest earnings are computed and credited back to the Current Account.

This process enables the client to receive a competitive interest rate, which turns out to be higher since it is paid against a larger aggregated account balance. This is in comparison to the traditional method of computing interest against individual accounts.

This process, termed by some banks as a "sweep account," benefits the client in many ways, and includes: (a) a competitive rate indexed to the 91-Day T-Bill is earned on the net available collected balance, (b) monthly service charges are debited against the compensating balances instead of having to pay for them in hard-dollars, (c) cash balances can be adjusted easily to accommodate the service fee debits, and (d) comprehensive and timely monthly statements that describe the individual type services and related costs are prepared.

At year-end 1997, the aggregate "net available balance" from all accounts ranged between \$315,255 and \$1,799,854 monthly and the interest earned net of charges was \$56,621.

The treasurer does not have a written agreement with the banks, although there is an annual meeting with council on the status of banking relations. There is a Request for Information from a number of financial institutions every three years.

Cash Management Plan

The borough adopted Resolution No.98 in accordance with P.L. 1983, Chapter 8, Local Fiscal Affairs Law, N.J.S.A. 40A: 5-14. This document is a good start to achieving a clear definition of investment practices and overall maintenance of accounts. Statutory criteria include: (a) designated official depositories, (b) scheduled deposit of funds, (c) definition of allowable investment instruments, (d) definition of acceptable collateral and protection of borough assets, (e) compensating balance agreements, (f) reporting procedures, (g) diversification requirements, (h) maximum maturity policy, (i) investment procedures, (j) return on investment policy, (k) internal controls, and (l) bonding coverage, and the (m) compliance issues.

Recommendation:

The borough is commended for developing a Cash Management Plan. It is suggested that the Cash Management Plan be modified to reflect the above mentioned statutory criteria.

Cash Account Analysis

The analysis of the available cash in bank and year-to-date earnings illustrated that the borough garnered a competitive interest rate on its fund balances. The actual interest paid by Summit Bank was compared to the estimated potential earning from the New Jersey Cash Management Fund (NJCMF) and the 91-Day T-Bill. The 1996 actual interest earnings recorded were \$56,621. NJCMF and T-Bills would have earned \$60,764 and \$58,203 respectively.

LGBR realizes that a cash account cannot be taken down to a zero balance, thus, the NJCMF and 91-Day T-Bill will always record a higher yield. However, the interest earnings recorded are extremely close which illustrates the success of the investment practices. Therefore, LGBR concludes that the borough did its best to maximize interest earnings.

We believe the borough is doing a good job managing its funds.

BUDGET

The borough administrator distributes budget requests to all departments in October each year. In mid-December, each department's budget request is returned to the administrator who then reviews each request carefully and prepares a budget for presentation to the council during the first week in January. After several budget meetings, the council introduces the budget in February. The budget is usually adopted in March or April.

Budget/Tax Rate

Over the last several years, the municipal budget and tax rate has been very stable. In fact, the municipal budget has gone down. The 1997 municipal budget was actually \$37,795 less than the 1994 budget. The municipal tax rate has decreased from \$0.892 in 1994 to \$0.855 in 1997, while the overall tax rate increased from \$2.90 to \$3.17 during the same period. The borough accomplished this tax decrease during a period in which the ratable base was also decreasing. While the borough is commended for reducing taxes, it will be very difficult to continue this trend due to the financial practices that effectuated the decreases.

Financial Projections

The Borough of Bound Brook assumes a less than conservative approach when it comes to its financial practices. Short-term fixes have been pursued without fully considering the long-term impact. For example, revenues have been anticipated very close to their maximum amount. Surplus has been virtually depleted. The projected tax collection rate has been anticipated so close to the actual collection rate that there is a continual risk of a revenue deficit, which did occur in 1997. The 1998 budget had a one-time revenue boost that will actually cost the borough more in the long-term.

Surplus:

The chart below represents a five-year history of the borough's fund balance and indicates a steady decrease in the surplus since 1995. The largest decrease took place from 1997 to 1998, when the ending surplus balance decreased \$330,628, or 67%. The primary reason for the significant decrease was to provide revenue necessary to prevent a tax increase. The projected tax collection rate decisions have also had a significant impact upon the surplus level.

	1994	1995	1996	1997	1998
Municipal Budget	\$6,756,622	\$6,808,895	\$6,944,906	\$6,718,527	\$6,686,832
December 31st Surplus - Prior Yr.	\$ 308,155	\$ 559,551	\$ 652,344	\$ 488,928	\$ 158,300
Surplus Percentage of Budget	4.6%	8.2%	9.4%	7.3%	2.4%

As the chart and graph below indicate, the borough has used an increasing amount of surplus as revenue over the last several years, while the amount of available surplus has dropped significantly. The borough now uses almost 90% of its surplus as revenue.

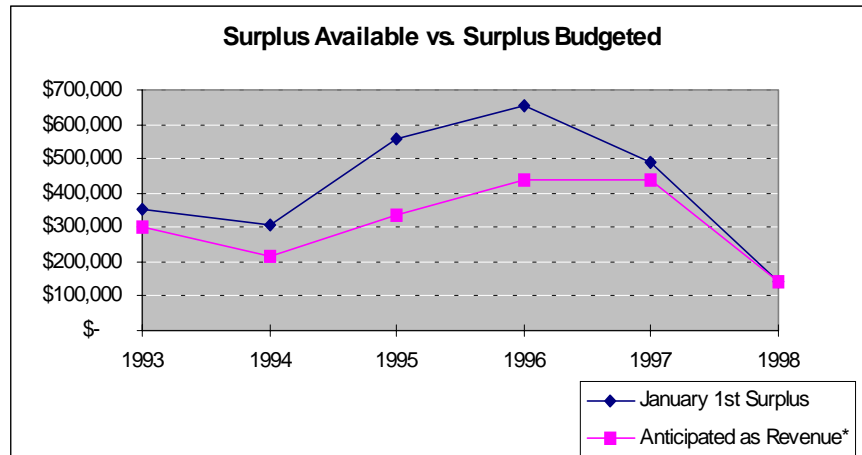
	1994	1995	1996	1997	1998
December 31st Surplus - Prior Yr.	\$ 308,155	\$ 559,551	\$ 652,344	\$ 488,928	\$ 158,300
Anticipated as Revenue*	\$ 216,000	\$ 337,000	\$ 436,000	\$ 436,000	\$ 140,000
Percentage Used	70.1%	60.2%	66.8%	89.2%	88.4%

All municipalities should have an adequate amount of surplus. While there is no prescribed percentage or amount of surplus that is deemed as adequate for municipalities, each municipality should have an adequate surplus.

An adequate amount of surplus is needed to provide the municipality with financial stability. Should there be a significant unforeseen expenditure or revenue shortfall, a municipality with an adequate surplus would have the ability to financially absorb the unexpected event, with little impact upon the following year's budget. New Jersey's conservative budget laws require municipalities to raise the amount of any deficit in the following year. Accordingly, a deficit in revenue will have a double impact in the succeeding year's budget. Also, an adequate surplus level is one of the components for a favorable bond rating.

As a general rule, it is recommended that the amount of surplus anticipated as revenue in any budget be limited to the amount which can be reasonably assumed to be generated in the next year. Clearly, the borough did not follow this guideline in 1996 and 1997.

Recommendation:

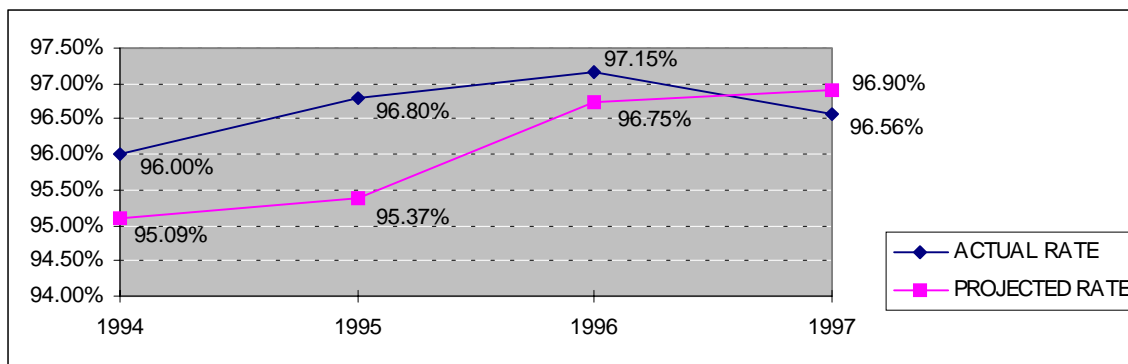


It is recommended the borough take a more conservative approach regarding its use of surplus. The borough should attempt to build surplus to a level comparable to the 1995 or 1996 level.

Value-Added Expense: \$50,000

Tax Collection Rate:

In 1997, the projected collection rate was 96.90%, while the actual collection rate was only 96.56%. This amounted to a percentage difference between projected versus actual of -0.34% in 1997. Thus, there was a deficit of approximately \$8,000 that was not offset by the reserve for uncollected taxes. In 1994, 1995 and 1996, the projected collection rates were underestimated by only 0.91%, 1.43% and 0.40%, respectively.



Had the borough used a lower estimate for the projected collection rate, it would not have had a collection deficit in 1997. A one-half percent decrease in the projected collection rate would have meant an increase of \$68,331 in the amount to be raised by taxes. This would have been a sounder financial strategy and may have built up some surplus.

Recommendation:

Though we understand the borough's desire to keep expenditures to a minimum, we suggest that the borough use a lower projected tax collection rate to provide a safer "cushion" to its actual collection rate. This will reduce the risk of another revenue deficit and will also help to alleviate its surplus problems.

Value-Added Expense: \$68,331

Revenues:

In 1997, total revenues realized, not including any special items of revenue, were \$6,890,482 compared to total anticipated revenues of \$6,718,527. This amounted to excess revenues of \$171,955 or 2.6%. Similarly, actual revenues for 1995 and 1996 were 5.4% and 2.9%, respectively, greater than budgeted revenues.

The borough also received unanticipated, non-budget revenues in 1997 in the amount of \$100,248. While some of these revenues reoccur annually, there can be significant fluctuations from year to year. Thus, it is appropriate to keep these revenues as unanticipated, non-budget revenue items.

1998 Budget

The 1998 budget as originally introduced had a deficit in revenue of approximately \$200,000, which would have increased the amount to be raised through taxation and the municipal tax levy by the same amount. Rather than increase taxes, the council decided to appropriate an additional \$208,000 in revenue to provide a tax decrease. This revenue came from money received from the sale of municipal assets obtained from the developer of the Tea Street/Shoprite project.

In order to make this project viable, the council bonded approximately \$1,000,000 to cover costs to relocate a firehouse and ballfields, and other incidental costs. According to borough officials, the original intent was to borrow this money and then pay the debt once the money was received from a developer. The money was received in 1997 and the council decided to take approximately \$208,000 to balance the 1998 budget. The council must now repay the \$208,000 in debt service plus any interest on that amount. While the council was able to provide the taxpayers with no tax increase in 1998, this action will actually cost the borough more than \$208,000 in the long run.

Debt Service

The goal of any municipality that seeks to properly manage its debt is to stabilize its debt payments, avoiding severe fluctuations. As of December 31, 1997, the borough had \$7,499,569.70 in net debt including \$918,761.42 of notes authorized but not issued.

State statute (N.J.S.A. 40A: 2-6), limits the maximum bonded indebtedness to 3½% of equalized assessed valuation. The 1997 audit report stated net debt at 1.80%. The 1997 debt service was \$725,220.53 in principal and interest payments for bonds and notes.

Debt Service	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
(appropriated)	\$684,750	\$731,780	\$894,392	\$726,110

Capital Improvements

In 1997, the borough council passed two bond ordinances for various projects including road repairs and sewer line repairs, facility improvements, and equipment and property purchases totaling \$1,051,500. These funds were offset by a \$200,000 grant from the NJ Department of Transportation. In 1997, the borough expended \$25,638 in the capital improvement fund. It appears that most capital projects are bonded with very little money coming from the capital improvement fund.

Recommendation:

It is recommended the borough review their financing methods and consider funding capital projects with a mix of “pay as you go” and bonding.

Audit Findings

Audit findings in the last four years have increased. In 1994, there were only two recommendations, one from the prior year. The 1995 audit contained eight recommendations, with one from the prior year. In 1996, the borough auditor identified nineteen recommendations, four carried over from 1995. Over half of these recommendations related to payroll problems experienced in 1996. The details of these problems are outlined in the personnel section

of this report. The 1997 audit report contained three recommendations, with two from 1996. There was still some payroll problems as the payroll reports were not available for review by the auditor.

One of the recommendations occurred in all four audits and involved the requirement to deposit all receipts collected within 48 hours per N.J.S.A. 40A-5-15. In two of the audits, all departments were mentioned in this recommendation, while the other two audits singled out a particular department in each year.

Based on state and federal regulations, the chief finance officer is required to respond and submit a corrective action plan within sixty days from the date the audit is received by the governing body. The borough has complied with these regulations.

Recommendation:

It is recommended the borough review their corrective action plans and set up a procedure to see that the corrective action plans are implemented. Problems with the payroll should be addressed immediately and should be monitored closely throughout the year. The problems of depositing receipts within 48 hours should also be addressed and corrected immediately.

Staffing Analysis

The tax collector/treasurer/CMFO supervises and oversees the finance department. The finance department also includes purchasing and tax collection activities. The entire staff for this department consists of a full-time tax collector/treasurer/CMFO, a full-time deputy tax collector, and a part-time finance clerk. The CMFO's additional responsibilities include the coordination and preparation of the bi-weekly payroll, purchasing and accounts payables supervision, and some involvement with health benefits and personnel functions.

The finance department is well run. However, the office is understaffed due to the CMFO's many duties and responsibilities. This maybe the main reason for the problems with the payroll, recordkeeping and unresolved audit comments and recommendation.

A second 15 hour per week part-time finance clerk created to assist the CMFO with various finance functions, especially those clerical, recordkeeping and general bookkeeping functions, would enable the CMFO to address the more technical and critical financial functions such as resolving audit comments and completing various financial reports. At approximately \$9,800 in compensation and no health benefits, the 15 hours per week would provide the CMFO with an additional 780 annual hours and based upon the CMFO's position value of \$60,432, that translates into productivity enhancement of \$25,896.

Recommendation:

It is recommended the borough consider hiring a part-time finance clerk to "free up" some of the CMFO's time for other critical financial functions.

Value-Added Expense: \$9,800
Productivity Enhancement: 780 hours or \$25,896

TAX ASSESSMENT

Staffing

The tax assessment office is staffed by a single part-time tax assessor and a general clerk. The assessor has office hours every Tuesday from 4 p.m. to 8 p.m. In addition to the scheduled hours, the assessor also spends time defending tax appeals before the County Tax board and the Tax Court.

The general clerk is a full-time employee assigned to the tax assessor's office with other duties supporting the administrator-clerk's office and the mayor. Unfortunately, it is not possible to calculate the amount of time devoted to assessment related duties by the general clerk.

Financial

The 1997 cost for the tax assessor's position was \$16,041 in direct salary and benefits. The assessor does not receive health benefits from the borough. The personnel costs for the general clerk are embedded in the administration budget.

In 1997, there was \$2,416 expended in operating expenses. The operating expenses have decreased the last two years because the Somerset County has assumed the costs for the computer system. The total tax assessment costs for 1997 was \$18,457 plus general clerk cost.

Assessed Valuation

The Borough of Bound Brook was reassessed in 1992 for the 1993 tax year. The following chart of the ratable base for the years 1995, 1996, and 1997 shows that the borough's equalized value has been on a slow decrease while the ratio has increased to over 100%.

Year	Assessed Value	Ratio
1995	\$428,591,442	98.15%
1996	\$424,056,085	98.85%
1997	\$412,204,489	100.71%

As the chart indicates, the assessed valuation decreased by over \$16 million from 1995 through 1997. According to the assessor, the borough is a built up community with only one new large ratable under construction, a shopping center which will include a Shop-Rite, restaurant and some shops.

Abatement/Exemptions

In 1992, the borough adopted an abatement ordinance for residential dwellings for a five year period with an abatement/exemption limit of \$10,000. The ordinance was amended in 1994 and raised the limit to \$15,000.

In the past, there were a few minor problems in which abatement/exemptions were not immediately removed at the end of the five year period. The resulting loss in ratables was minimal. In 1997, the borough implemented a computerized system to monitor and track the abatements. This system has corrected past tracking problems.

Recommendation:

The borough should continue to keep a watchful eye on the abatement/exemption program. Although this program is not currently jeopardizing the ratable structure, the failure to properly maintain this program could have an adverse affect on the tax base and the tax rate.

LEGAL

The borough retains a borough attorney, a planning board attorney, a prosecutor and a public defender. Per municipal code book chapter 2-12.3, the prosecutor shall also be the assistant borough attorney and shall perform the duties of the borough attorney in his/her absence. The planning board attorney is addressed in the planning board section.

Borough Attorney

The borough attorney's annual retainer includes only the attendance at meetings of the governing body. In 1997, the retainer amount was \$8,640 and was paid directly to the attorney through the borough's payroll account enabling the attorney to receive pension, social security and medicare benefits costing the borough an additional \$920.

Recommendation:

The borough should consider the elimination of pension, social security and medicare benefits for all contracted professionals including the borough attorney.

Cost Savings: \$920

Additional legal work such as drafting of resolutions and ordinances, and consultations regarding municipal matters to the elected and appointed officials, and matters of litigation are billed at an hourly rate \$100. The borough attorney also is involved with developer's agreements, tax appeals, matters of litigation, labor contract negotiations and minor personnel matters.

According to financial records, the borough attorney's firm was paid \$61,000 in 1997. This was an unusually high amount as there was a great deal of additional work related to the Tea Street development. According to the borough attorney, normal annual legal expenditures are approximately \$40,000 to \$45,000.

Most resolutions, routine ordinances and agreements are drafted by the borough administrator and subsequently reviewed by the borough attorney before adoption. The borough attorney drafts ordinances and agreements of a technical nature. These initiatives enable the borough to reduce the cost and time to prepare resolutions and ordinances.

Prosecutor/Public Defender

The prosecutor and public defender function within the court system, but are not on the court payroll. The prosecutor is paid through the borough payroll and receives pension, social security and medicare benefits. Health insurance benefits are not received.

The municipality also paid \$10,400 in salary and \$1,345 for direct benefits for the services of a part-time prosecutor and \$2,750 for the services of a public defender.

Recommendation:

The borough should consider the elimination of pension, social security and medicare benefits for all contracted professionals including the part-time prosecutor.

Cost Savings: \$1,345

Contract Specifications

The resolution appointing the borough attorney and the prosecutor did not outline the retainer amount or the duties, and did not include a "not to exceed" clause. Nor was there a corresponding agreement executed for either legal professional.

Recommendation:

The LGBR team suggests that professional contracts be written more consistently and with as much specificity as necessary and reasonable. Scope of services and fee structure should be clearly identified in the agreement. Restructuring the borough attorney's agreement to include only a flat retainer amount covering most matters and including attending council meetings, would allow the borough to cap most of its legal costs and would be a great benefit in annual budget preparations. Only unusually large projects such as the Tea Street would not be included in the retainer.

INSURANCE

Liability Insurance

Since January 1, 1998, the borough has been a member of the Somerset Municipal Joint Insurance Fund (JIF). The borough had previously been a member of the Middlesex JIF from its inception to December, 1997.

Financial

In 1997, the annual assessment for the Middlesex JIF was \$200,591. For 1998, the borough solicited quotations from the Middlesex JIF and the Somerset JIF. The Somerset JIF submitted a quotation of \$183,000. The 1998 quotation from the Middlesex JIF was \$173,110.

While the borough reduced its 1998 premiums by \$17,591, another \$9,890 would have been saved if the borough had chosen to remain in the Middlesex JIF.

Municipal officials informed LGBR staff that the decision to switch joint insurance funds was a partisan decision. The Middlesex JIF had one party affiliation, while the Somerset JIF had a different party affiliation. The council vote for this matter was a split vote between the Republican council members and the Democratic council members. LGBR was also informed that the coverage in the Somerset JIF might not have been as good as the coverage in the Middlesex JIF.

The borough clerk-administrator outlined the differences in coverage between the two JIF's in a memo to the mayor and council. In general, the deductibles for the Somerset JIF were higher and some coverage areas were lost. Upon further review, LGBR found that the switch resulted in a loss in some coverage areas and an enhancement in other coverage areas. According to the risk manager, the borough gained employment related practice coverage. In 1998, the deductibles were higher in the Somerset JIF, however, effective January, 1999, Somerset's property deductibles will be comparable to Middlesex.

Recommendation:

While the borough is commended for soliciting quotations for other insurance programs, it is recommended the borough refrain from allowing partisan politics to influence its insurance coverage decisions. The council should focus their decision on cost and coverage issues and choose the insurance program that best suits the interests of the borough.

Municipal Safety Committee

Safety committees are intended to review claims and borough policies to reduce, if not prevent accident in both the workplace and in the community.

The borough does not have an active safety committee. The Somerset JIF has an active safety committee and conducts various safety and training programs. Bound Brook, as a JIF member, has a representative on this committee.

A safety committee should meet, at the very least, on a quarterly basis and should include borough officials such as department heads and insurance professionals from the JIF. The Somerset JIF has representatives available to assist in the development of safety committees.

Recommendation:

It is recommended the borough consult their JIF officials to form an active safety committee at the borough level.

Hospitalization and Major Medical Insurance

The borough is a member of the State Health Benefits Plan. The deputy borough clerk serves as the benefits coordinator and employee benefits liaison. All full-time employees receive health and medical benefits.

Deductibles

In 1997, the deductibles were \$100 for single coverage and \$200 for family coverage.

Co-Pay Provision

The borough currently has a dependent co-pay provision in the contracts for PBA and DPW employees. Any new officer or DPW employee shall not be given medical/dental coverage for dependents. Any new employee requesting

dependent coverage must pay for 100% of the dependents for the first two years of employment. After the first two years, the borough will pay 50% of the dependent coverage. After four years of employment, the borough will pay 100% of the dependent coverage.

The borough is commended for this cost containment measure.

Recommendation:

It is recommended this provision be enhanced to include all borough employees.

Other Insurance

Prescription and vision benefits are included in the hospitalization and major medical coverage.

Risk Manager

The risk manager is appointed by resolution annually and is responsible for canvassing various insurance providers to solicit and determine the best possible combination of benefits and rates for the borough. The borough administrator reviews the quotes provided by the risk manager and gives a recommendation to the council.

The risk manager's fees are paid by the joint insurance fund. An amount equal to 6% of the municipality's annual assessment is paid. In 1997, the fees were approximately \$12,035.

POLICE

Staffing

In 1997, the department was staffed by 17 officers consisting of one chief, one lieutenant, four sergeants, three detectives, and eight patrol officers. Of the 17 officers, the patrol division had 12 officers and the administration and detectives had five officers. At the end of 1997, the chief, the lieutenant and a sergeant retired.

The new chief and the two new sergeants were moved from the patrol division to head the administration of the department. One officer was moved from the patrol division to the detective division and two officers were moved from the detective division to the patrol division. After all of the promotions and transfers, the administration and detective divisions had five officers and the patrol had nine officers for a total of 14 officers. In March 1998, three new officers were added to replace the retired officers bringing the total to 17 officers: five in administrative/detective divisions and twelve in patrol division.

In September, 1998, the borough hired four additional officers as part of a Federal Cops More Grant. The grant is for \$300,000 over three years and requires the borough to maintain a staffing level of at least 21 officers over the three years.

The beat patrol analysis performed by LGBR indicates that 14 officers would be required in the patrol division to adequately staff the patrol schedule. As of September, 1998, with the hiring of the four new officers, the patrol division is staffed with 16 officers.

Recommendation:

The borough should carefully evaluate its staffing level and strive to maintain staffing in the patrol division at approximately 14 patrolmen.

Organization

In 1998, the Bound Brook Police Department experienced significant changes. The upper command structure of the department was changed after the retirement of the long serving previous chief and other senior officers. The organizational chart in Addendum A depicts the structure of the Bound Brook police organization before the change in leadership. It is important to note that the formal organization as shown below was not actually staffed at this level in 1997. The actual 1997 staffing level is depicted in the above section.

The organizational structure was revised to more accurately reflect the actual staffing levels. The new formal organizational structure has a patrol division with four sergeants and eight officers for a total of twelve officers with all members active on patrol. Due to the retirements and subsequent transfers and promotions, the department started 1998 with only eleven total members in this division.

Organizational charts prior to and after the reorganization are in Addendum A.

Beginning in early 1998, the new chief and senior officers instituted new policies and issued directives to effectuate changes in several areas. Most of the records and files reviewed by LGBR are from 1997 and depict the orientation of the department under its old structure. These records create a picture of a department that has changed significantly. We will attempt to identify the items that have been changed, areas in which change is in progress, and areas in which change is planned.

Reorganization

The new senior officers hope to completely revise the rules, regulations, standing orders and directives to meet today's police mission. The initial thrust of this initiative has concentrated on eliminating unnecessary reports, creating a stealth car program, re-organizing the DWI program, giving more emphasis to school and community oriented policing, instituting an in-service training program and re-striping the cars in a more uniform design. As per copies of directives, most of these items have already been initiated.

According to the municipal code chapter 2-10.3 entitled "Powers of the Police Board," the department's rules and regulations are to be contained in a manual known as "Police Department Rules and Regulation". The rules and regulations may be amended by resolution duly adopted by the mayor and council. The manual was last updated in 1981.

Recommendation:

It is recommended the borough formally adopt any recent and future changes in the rules and regulations of the police department in accordance with the municipal code book. The borough should also establish a procedure for reviewing and updating the manual, when necessary, on a regular basis.

According to the municipal code chapter 2-10.3 entitled "Powers of the Police Board," the police board shall "promulgate and adopt rules for the government of the police department and the discipline of its members". N.J.S.A. 40A:14-118, references the "appropriate authority," as designated by the governing body, shall promulgate and adopt rules and regulations for the governing of the police force.

Recommendation:

It is recommended the borough attorney review the municipal code book for proper compliance with N.J.S.A. 40A:14-118 and the proper language regarding the designation of an "appropriate authority."

The police department had active files dating as far as 1946. With guidance from state archives personnel, antiquated records have been disposed and the remaining files have been reorganized in a user-friendlier format. The department is renovating, painting and reorganizing the police station to better serve the needs of the department and the community. The officers are doing much of the renovation and painting work on their own time.

We commend the new direction and efforts to improve the work environment of the department. We also commend the volunteerism of the officers.

Mission Statement

The proposed mission statement pending council approval is as follows:

"The Bound Brook Police Department is committed to preserve the peace, uphold the law, and provide excellence in police service in partnership with our community. The members of the Bound Brook Police

Department commit to provide excellence in service based upon our mission and Core Values, which are Integrity, Honesty, Professionalism, Compassion, Respect and Accountability.”

We commend the department for their commitment to the police mission.

Financial

In 1997, the department spent \$1,397,321 for salaries and direct benefits and \$200,308 on overtime for uniformed officers and detectives. Dispatcher expenditures were \$75,928 in salaries and direct benefits and parking enforcement expenditures were \$16,294 in salaries and direct benefits. Crossing guard expenditures were \$104,814 in salaries and direct benefits. There were also \$125,639 in operating expenses. The total cost for these police functions was \$1,920,304.

Work Schedule

The patrol division works a twelve-hour shift on a 2/2-2/3-3/2 schedule. This 14-day period gives an officer two days on followed by two days off; then two days on followed by three days off; then three days on followed by two days off. This is equivalent to 42 hours per week, or 2,190 hours per year. The officers are compensated for 2,080 hours. The remaining 110 hours in excess of 2,080 are compensated with nine compensatory days. This schedule remains in effect under the new management.

The police administration division works an eight-hour shift on a 5-2 schedule, while the two detectives also work eight-hour shifts on a 5-2 schedule with one detective working a day shift and the other working a night shift.

Overtime

In 1997, the department expended \$200,308 in overtime. The amount of overtime was primarily due to a shortage of uniformed officers, the long-term absence due to injury of another officer, and the use of uniformed officers to fill in for dispatchers.

In 1997, the patrol division was staffed with twelve officers. This number of officers filled the schedule but did not account for vacation, sick and other leaves. As previously stated, the hiring of seven officers in 1998 increased the staffing level of the patrol division to 16 officers. This staffing level should significantly reduce the amount of overtime and will adequately staff the existing schedule as our beat patrol analysis recommended a staffing level of 14 patrol officers.

The 1997 police overtime analysis report indicates that the department worked 4,149 hours of overtime costing \$200,308. This is an average hourly cost of \$48.27. The major areas of overtime are:

OT Area	HOURS	RATE	COST
Dispatching	1,299	\$48.28	\$62,714
Injured Officer	866.5	\$48.28	\$41,833
Court	336	\$48.28	\$16,222
Investigations	487	\$48.28	\$23,512
Shift Coverage	544	\$48.28	\$26,264
Other	616.5	\$48.28	\$29,764
Total	4,149		\$200,309

Other items were training and computer maintenance.

The overtime expenses for the injured officer were offset by approximately \$17,000 in workers compensation reimbursement received from the workers compensation carrier. These overtime expenses should be greatly reduced in 1998 as the officer has returned to work.

Solicitations

Township officials informed LGBR of their concern regarding police department's solicitation for donations from residents and local businesses. LGBR asked the Somerset County Prosecutor's Office if the Bound Brook police department had filed a letter of intent for solicitation. The prosecutor's office has informed LGBR that they did not receive a letter of intent from the Bound Brook police department.

Recommendation:

It is recommended the borough attorney review the nature of the solicitations of the police department and file a letter of intent with the prosecutor's office.

Workload

In 1997, the department answered 1.2 calls per hour in the first twelve hours, 12 midnight to 12 noon, of the day and 1.65 calls per hour in the second half of the day. This indicates that there are 32% fewer calls in the first half of the day than in the second half of the day. The average time required for a call, as per information obtained through the International Association of Chiefs of Police, is 45 minutes.

Detectives

Prior to 1998, there was no calculation of the clearance rate in this department. The clearance rate for the first half of 1998, as calculated by the department, was 45%. The department has stated that this has been an exceptional time for the clearance of cases and that this rate may not be sustainable over a longer period of time.

Staffing:

In 1997, this division of the police department had four detectives with one officer listed as a detective and actually working in the patrol vision. Under the new leadership, this division has been reduced to one detective sergeant and one detective.

Financial:

In 1997, the three detectives actually working in the detective division had a salary and direct benefits cost of \$282,206. The division also spent \$8,983 in other expenses for a 1997 total cost of \$291,189. The 1998 approximate personnel cost, based on 1997 salary information for two current personnel, is \$166,898 in salaries and direct benefit costs. The reorganization of the detective division should save the borough approximately \$115,308.

The borough is commended for its cost effective restructuring of the detective division.

Some police departments use patrol officers on a rotating basis to augment the detective division. This helps with the caseload in the division and orients the patrol officers with the criminal investigation work done by the detectives. This could increase the awareness of the patrol officers regarding criminal activity and how to develop a case that will stand up in court.

Recommendation:

With the significant reductions in the detective division, the borough may wish to consider augmenting its detective division with patrolmen as needed.

Dispatchers*Staffing:*

In 1997 and 1998, the staffing level was four full-time dispatchers. However, there were actually eight dispatchers on the 1997 payroll due to four dispatchers leaving employment and subsequently being replaced.

Financial:

The department spent \$75,948 on the eight dispatchers who worked for the department through the year. Another \$62,617 was spent for uniformed officers to cover dispatch in the absence of or training of dispatchers. Operating expenses are embedded in the police departments operating budget.

Retention:

There has been some difficulty in retaining personnel in this position as the pay scale as described by the department is below that of some surrounding communities. There is concern that Bound Brook is the training ground for surrounding communities as several dispatchers have left the borough to become dispatchers in other municipalities with higher pay scales. The starting salary for dispatchers in Somerville, Raritan, and Bridgewater, was \$22,036,

\$23,340, and \$27,220, respectively, while, the current pay scale for Bound Brook dispatchers ranges from \$17,000 to \$25,875 for Police Dispatcher “E” to Police Dispatcher “A,” respectively. The council has addressed this issue and has provided some increases but this was not enough to resolve the retention problem. Though the borough has historically had a high turnover in the dispatcher position, it should be noted that 1997 was a particularly bad year.

As stated in the police overtime section, 1,299 hours of uniformed officer overtime can be attributed to dispatch work at a cost of \$62,617. If dispatchers could be retained for longer lengths of employment, the cost to have a dispatcher work the 1,299 same hours, using an hourly rate of \$12.44, would have been approximately \$16,159. If the department dispatch division were organized to have dispatchers work these hours, the savings to the taxpayers would be \$46,458.

This could be achieved by increasing the dispatcher salaries to a level comparable to other surrounding communities or by using substitute dispatchers, who are willing to fill in for sick leave, vacation leaves, and other absence of the full time staff. Part-time municipal employees, such as crossing guards, may wish to augment their salaries by filling in, as needed.

Recommendation:

The department should consider training substitute dispatchers to fill in during the absences of the full-time dispatchers.

Cost Savings: \$46,158

Somerset County Dispatching:

Another option for the borough to consider would be to contract with Somerset County for dispatching police, fire and emergency medical services. The county offers its dispatching services to municipalities at no cost to the municipality. Currently, five municipalities use the county dispatch. These municipalities include Peapack & Gladstone, Far Hills, Bedminster, Branchburg, and South Bound Brook. Raritan, Somerville and Millstone use the county for 911 services only, while, North Plainfield uses the county for fire services only. The dispatch center is located in Somerville approximately two miles from Bound Brook, closer than most of the other municipalities using this service.

Countywide dispatching operations can answer up to approximately 11,000 calls per dispatcher. In 1997, Bound Brook dispatchers handled 3,110 total calls. The borough customarily employs four full-time dispatchers. Based upon this, the Borough of Bound Brook answered approximately 778 calls per dispatcher.

By contracting with the county dispatch, the borough would be able to eliminate nearly all costs associated with dispatching such as the \$75,948 to staff the dispatch positions and the \$62,617 in police overtime costs to fill in for and train dispatchers, and approximately \$2,465 in uniform/clothing costs. There would also be a reduction of dispatch related operating expenses that are not quantifiable.

Recommendation:

The borough should consider contracting its dispatching services with Somerset County.

Cost Savings: \$141,030

Crossing Guards

The municipality has thirteen crossing guards and three substitute crossing guards. As per 40A:9-154.2, all crossing guards must receive training consisting of two hours of classroom instruction and twenty hours of supervised field training. The new leadership in the police department has completed this.

Each guard works 3.5 hours per day during the school year; one hour each morning, one hour and a half during lunch time and one hour at the end of the school day. Each guard is paid an hourly rate of \$9.25 per hour. The department spent \$123,615 for crossing guard wages and benefits in 1997. Crossing guards, in 1998, also received an additional \$3489 from the borough as unemployment compensation during the summer months.

Vehicles

The department operates 10 vehicles that vary in age from one to nine years old and mileage from 2,000 to 85,000. Monthly mileage records indicate that three of the newer marked vehicles are used extensively for patrol and consumed 76.5% of the miles driven. Another four vehicles listed as patrol vehicle consumed 15.1% of the miles driven. Unmarked vehicles assigned to the detective bureau account for the remaining 8.4% of the mileage.

The municipality should explore the necessity for keeping and maintaining four extra patrol vehicles that are driven on the average only 16.2 miles per day.

The municipality contracts with Somerset County for all vehicle maintenance including preventive maintenance. The municipality is charged at a rate of \$28.88 per hour for labor plus parts. Private commercial service stations in the area charge a labor rate of approximately \$40 - \$50 per hour.

We commend the interlocal cooperation between Bound Brook and Somerset County.

In 1997, the maintenance costs for police vehicles were \$14,692 or approximately \$1,469 per vehicle. This is comparatively low when directly compared to other maintenance operations. However, the municipality is primarily using newer vehicles that require less maintenance and is barely using its older vehicles.

Recommendation:

It is recommended the borough determine how many vehicles are necessary for police operations. LGBR believes that Bound Brook could reduce its police fleet by at least one vehicle. The reduction of one vehicle will save the department \$1,469 in annual maintenance costs. This will also provide a one time revenue enhancement of approximately \$1,000 from the sale of the vehicle.

Cost Savings: \$1,469
Revenue Enhancement: \$1,000

Parking Enforcement

Parking in the municipality comes under the jurisdiction of the parking commission. The parking officer is responsible for collecting funds daily, issuing tickets in both lots and for street meters, check vehicles for decals, inventory unused decal spaces and report on malfunctioning meters. The current parking officer was hired in March, 1998. The borough had been without a parking officer for approximately 18 years.

The wages for this position are \$9.45 per hour for a 20 hour week. This is equal to \$9,828 per year. In 1997, the revenue from meters was \$22,508 and from decals was \$52,594. The projected revenue for 1998 is \$27,500 from meters and is \$54,000 from decals. The court estimates that the parking officer will bring in approximately \$40,000 to \$50,000 in revenues from fines.

Inter Governmental Concerns

Borough personnel claim the use of false identification has become a problem in Bound Brook. The borough has used the police to verify the identity of defendants who may be using false identification. While the police attempted to identify the users of false identification papers, it was discovered that many repeat offenders are illegal aliens.

The police then report the illegal aliens to the Immigration and Naturalization Service (INS). There appears to be no appropriate action taken by INS concerning these illegal immigrants. Many of these illegal aliens then appear again before the municipal courts causing the local tax payers to expend dollars due to the inaction of the immigration service. The cost for illegal immigrants, who have been reported to the immigration authorities and have not been deported nor detained, should be borne by the department of immigration. The costs to the municipality include the general court time costs and often include interpreters' costs.

It is understood that this is a cost for justice. However, there is a problem when the court notifies the proper federal officials only to have the illegal aliens reappear before the court with additional charges.

Federal policy for admitting naturalized citizens, permanent residents or their failure to effectively deal with illegal immigration is adding to increases in property tax for the municipalities, the counties and the State.

Recommendation:

It is recommended the borough contact its state and federal legislators to assist with this problem. Legislators at both levels could devise a plan of action to alleviate the costs occurred to hear cases involving recidivist illegal aliens.

FIRE

The volunteer fire organization is composed of four different fire companies, each with independently owned fire house and equipment. The department is dispatched by the police dispatch. There are mutual aid agreements with the communities of Finderne, South Bound Brook, Middlesex, Somerville, Green Brook, Raritan, Somerset, Martinsville and Warren Township.

Staffing

The four independent volunteer organizations appear to have maximized volunteer participation as compared to similar sized and populated communities operating with a single volunteer organization. There appears to be very good coordination and cooperation between these fire companies in their formal role as firefighters.

Financial

The cost to the municipality for their fire fighting organization operating expenses was \$46,607 in 1997. This expense includes a \$4,000 payment to each department for property maintenance and operation. The municipality also spent \$89,559 for fire hydrant service.

We commend the cost effectiveness of these volunteer organizations.

The municipality recently purchased the Watchung Fire Co. #3 fire house located on Tea Street for \$434,948. The fire house property was necessary to facilitate development in this area. The borough initially bonded to obtain this land and these costs would later be offset with sale of the land to a developer.

The volunteer organization used \$110,000 of these funds to relocate the fire house to Vosseler Avenue and \$324,948 to build a new station several blocks away. Volunteers completed most of the construction work.

Recommendation:

The borough may wish to consider if four firehouses are needed for a community of 1.6 square miles. The merging of any firehouses would not produce significant savings since operating costs are already low. However, should there be another need to relocate a firehouse, the borough may want to consider whether four firehouses are necessary.

Equipment

The equipment is purchased by the municipality and maintained with taxpayer dollars. The number of vehicles is comparable to departments in communities of a similar size and population. The four volunteer departments have a total of four apparatus and one special service vehicle. There are three pumpers and one special services vehicle, a 1986 Ford Whelan. The three pumpers were manufactured in 1984, 1988, and 1995. The Quint was manufactured in 1993.

Equipment	'84 Pierce	'88 Pierce	'93 Pierce	'95 Pierce	Ford/Whelan
Tank Capacity	500	500	200	500	N/A
Pump Capacity	1,250	1,500	1,500	1,500	N/A

We commend these volunteer organizations for their dedication and service to the community.

EMERGENCY MEDICAL SERVICE

The Emergency Medical Service (EMS) operation is a volunteer organization known as the Bound Brook Rescue Squad Inc. which has a public perception of providing excellent service to the community at a minimum of cost. While this may be true, the LGBR team was unable to obtain the records necessary to conduct our review. Information was difficult to obtain, as the EMS contact person was not responsive to requests for information or even returning phone calls. In 1997, the first aid squad did not file the annual report required of all nonprofit organizations.

Staffing

The ambulance corps has approximately 17 volunteers. Information was not available as to the table of organization.

Equipment

This volunteer organization owns its facility. The rescue squad has three ambulances, a heavy rescue vehicle, and a four wheel drive vehicle. With the exception of the two newest vehicles, the squad owns, operates and insures all equipment. The two newest vehicles were purchased with funds borrowed by the municipality. These vehicles are owned and insured by the municipality for five years at which time the financing is paid off. At that time, the ownership and responsibility for insurance is conveyed to the rescue squad.

Recommendation:

The borough should reconsider its policy of turning over the insurance to the first aid squad. The borough should retain the ownership of the vehicles and insure the vehicles, as the municipality is capable of insuring the vehicles significantly cheaper than the rescue squad.

Financial

The municipality provides the department with an annual stipend of \$25,000 per year. These funds are primarily used to pay the mortgage on the EMS facility.

In September, 1997, the Board of Directors of the rescue squad submitted a statement of financial position as of December 31, 1996 to the municipality. The financial statement was done by a local Certified Public Accountant (CPA). The CPA's cover letter states:

“Management has elected to omit substantially all of the disclosures and the statements of cash flows required by generally accepted accounting practices. If the omitted disclosures and statements of cash flows were included in the financial statement, they might influence the users conclusions about the Company's financial position, results of operation, and cash flows.”

This is the only information we were able to obtain for our review.

Municipalities are not required to make contributions to volunteer rescue or first aid squads. However, N.J.S.A. 40:5-2 generally allows municipalities to make annual voluntary contributions of not more than \$35,000 to such organizations. Although N.J.S.A. 40:5-2 does not require that an audit be performed when the annual voluntary contribution is less than \$35,000, the borough should, nevertheless, require, as a condition of such financial assistance, that an audit by a CPA or Registered Municipal Accountant (RMA) be done to receive the voluntary contribution from the council in the next municipal budget.

Recommendation:

It is recommended the Borough of Bound Brook obtain an open and accurate accounting and financial status of the volunteer rescue squad. It is further recommended that the borough, in consultation with the borough attorney, review its practice of transferring title to emergency vehicles purchased with municipal funds to the volunteer rescue squads in light of the provisions of N.J.S.A. 40: 5-2 and N.J.S.A. 40A: 11-36.

COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the borough with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judicial personnel.

Staffing

The Bound Brook court is staffed by one part-time judge and three full-time personnel: a court administrator and two deputy administrators.

Financial

In 1997, the cost for salaries and direct benefits was \$109,830 and the cost for other expenses was \$13,440 totaling \$123,270. The total revenue of the court was \$326,204.

Scheduling

The court does not try to hear cases on a day when an officer is scheduled to work. Many municipalities employ this practice and are able to reduce court related overtime significantly. By consciously attempting to schedule cases, as

much as possible, when officers are on duty, the borough may be able to reduce its overtime costs by approximately 50%.

Recommendation:

It is recommended the borough try to coordinate the scheduling of municipal court cases on days when officers are on duty. LGBR believes that the 1997 police overtime costs of \$16,222 could be cut in half.

Costs Savings: \$8,111

Staffing Analysis

The borough has experienced a retention problem at the deputy level due to the low salary for these positions. The municipality has lost two deputy court administrators in the past three years. The average tenure of deputy administrators is approximately two years. There is concern that Bound Brook is the training ground for surrounding communities as several deputies have left the borough to become deputy court administrators in other municipalities with higher pay scales. Other municipalities in the vicinity have pay scales, which are nine to thirty-five percent higher than Bound Brook.

Support staff positions within other Bound Brook departments such as the deputy tax collector, receptionist/typist and the general clerk are fairly comparable to the deputy court administrator position and have similar salary ranges.

The utilization of the deputy court administrator title suggests that all staff within the office are in supervisory titles and performing specific functions outlined in state statute. However, under the current organization there is no one for the deputy administrator to supervise and it appears they are not all performing responsibilities appropriate for the deputy administrator title. In fact, there is a large amount of clerical work which must be routinely performed by the staff therefore, the titles being used are not reflective of the actual work being performed.

It may be beneficial to the borough to restructure the organization and titles of the court office. Entry level employees in this office are currently hired as deputy court administrators. An entry level employee should be hired as an assistant violations clerk with the opportunity to be promoted to violations clerk, deputy court administrator, and court administrator. The court office is currently staffed in the following way:

CURRENT TITLE	CURRENT BASE SALARY
Court Administrator	\$37,100
Deputy Court Administrator "A"	\$18,810
Deputy Court Administrator "B"	\$18,290

The court office could be restructured in the following way:

PROPOSED TITLE	PROPOSED BASE SALARY
Court Administrator	\$37,100
Deputy Court Administrator	\$22,348
Violations Clerk	\$20,503
Assistant Violations Clerk	\$18,810

The proposed restructuring does not recommend increasing the current number of positions from three to four. Rather, it recommends increasing the number of available job titles. Not all job titles need to be filled. An employees job title would be based upon appropriate experience and job responsibilities. The proposed deputy administrator position could be left vacant because the two existing deputies have only 2-3 years experience each.

An entry level employee would have a path of potential advancement by enhancing one's skills and experience. This reorganization should increase the tenure of the current deputy court administrators. The additional salary costs should be offset by a productivity enhancement gained by not having to train new employees every two years.

In 1997, the salaries for deputy court administrator "A" and deputy court administrator "B" were \$18,810 and \$18,290, respectively. Deputy court administrator "A", the senior employee, could be switched to violations clerk and deputy court administrator "B" could be switched to assistant violations clerk. These changes would bring the pay scale closer in line with other nearby municipalities.

Recommendation:

The borough may wish to consider the reorganization of the court office. Job responsibilities and statutory duties and requirements for each position should be carefully examined.

Value-Added Expense: \$520 - 1,693

Also contributing to the retention problem may be the additional hours worked at night to support the court sessions. The three employees in this department are given compensatory time for these court sessions. The compensatory time policy allows employees to earn 1.5 hours for each additional hour worked. The compensatory time earned must be used within six months and can not be carried over if not used.

The two deputy administrators earned 141 hours of compensatory time and the administrator earned 155 hours over the first eight months of 1998. During these eight months, 42 hours of compensatory time were taken by the deputies and 2 hours were taken by the administrator. The court's case load makes it difficult for the employees to take the compensatory time without allowing work to fall behind. The department estimates that the court employees will lose about half of the compensatory time earned.

We admire the dedication of the court employees to prevent the work of the department from falling behind. However, this is not an effective long term solution to the staffing and work load concerns, and can only aggravate the retention problem.

If the court administrators office were to initiate a system of flex time for the staff members required in court for an evening session, the municipality could save approximately \$2,400 in compensatory time. The staffing schedule could be staggered with one staff member needed for the evening session starting at noon on the day of the court session and the other staff member starting at noon on the following day or another day of convenience to the department and the employee.

Recommendation:

The borough should consider initiating “flex time” for court personnel to cover the evening court sessions. The borough should also monitor the work load closely to see if there is any backlog of cases. If a backlog occurs, the borough may want to consider hiring part-time clerical support.

The employees of the court also claim that vacation leave has been lost due to the work load of the department. If employees fail to apply for their vacation leave, then the loss is not a departmental issue. If employees apply for their vacation leave and are denied, then it is the responsibility of the department to arrange a time when vacation leave can be taken, or allow for the accumulation of vacation, or even pay for those days which were denied.

Interpreters

One of the concerns of this municipal court is the effect on their budget involving the necessity of hiring interpreters. In 1997, the municipal court spent \$3,340, or approximately 27% of its operating expenses, on interpreters. According to the State vs. Rodriquez, if a municipal court defendant requires and rightfully merits a court interpreter, the municipality must supply a certified interpreter at public expense except when a defendant requests his/her own certified interpreter. The municipality may also seek to recover the costs of an interpreter from the defendant if the defendant fails to show up for a scheduled trial and the municipality has arranged for an interpreter.

Recommendation:

It is recommended that the borough attempt to recover any interpreter costs to the extent permissible.

The 72 Hour Rule

Court officials have expressed difficulty complying with the “72 hour rule.” This rule states that an incarcerated person must be brought before a judge within 72 hours of arrest or released. This presents a problem in some smaller municipalities because court only meets once per week. As per the court administrator, twenty to twenty five percent of the defendants can not be accommodated during the normal court schedule and an alternative means must be used. The alternative means is usually taking the defendant to another jurisdiction. This puts the court administrator in the position of requesting a favor from another court that is having a session within the 72 hour period. The neighboring court may or may not be willing to accommodate the request. There has recently been an attempt to solve the problem by having a judge go to the county jail for the purpose of complying with the “72 hour rule.”

Recommendation:

It is recommended the borough attempt to coordinate a “mutual aid or reciprocity agreement” throughout the county. All the municipal courts in the county could address the 72 hour rule together by designating, on a rotating basis, one court in each county to be in operation on a weekend or especially a three-day holiday weekend. There are 21 municipal courts in Somerset County. One municipality can serve as the designated court one month in every 21 months or once in every one and three quarter years.

Automation

The court administrator uses the Automated Traffic System/Automated Complaint System (ATS/ACS), which is under the jurisdiction of the Administrative Office of the Courts in Trenton and is accessed online via modem.

Borough officials have indicated that the electronic ticket filing and posting system is not available to the police departments. According to N.J.S.A. 2B:12-30, the AOC is authorized to provide hand held ticketing devices and printers to parking authorities and agencies. The borough currently has a parking commission. It is uncertain whether the Parking Commission, as established, would be eligible for this program. LGBR has contacted the AOC and they expressed a willingness to meet with borough officials to examine this matter.

It is estimated that this court could save approximately eight hours per week if the electronic ticket filing and posting system were made available to the borough, resulting in a productivity enhancement of approximately 59 hours valued at \$4,225.

Recommendation:

It is recommended the borough set up a meeting with the AOC to review this matter.

Productivity Enhancement: \$4,225

Courtroom Facilities

The facilities are located in the municipal complex. The courtroom has a seating capacity of seventy-five people. The courtroom also serves as the council meeting room. South Bound Brook uses the facility for their Wednesday night court session. This is an informal arrangement between the municipalities.

Recommendation:

While LGBR commends both Bound Brook and South Bound Brook for its cooperative effort to share courtroom facilities, it is recommended that the boroughs enter into a formal agreement for the use of the courtroom. As part of the agreement, South Bound Brook should provide Bound Brook with a certificate of insurance naming Bound Brook as “additional insured”.

Court Sessions

The borough holds court every Monday evening from 7:00 p.m. until 10:00 p.m. The Borough of South Bound Brook holds court in the Bound Brook court on Wednesday evening.

Courtroom Security

Court room security is provided by the police department. This is one of the responsibilities of the duty detective on Monday evenings when court is held.

The AOC requires that a permanent protective window be installed at the violations bureau as a precaution against theft and assault, and that this area for payment of fines be separate from the courtroom. It is not unusual for the court to receive as much as \$3,000 in a court session.

Caseload and Statistical Analysis

In 1997, the court disposed of 5,259 traffic and 656 criminal cases. Other municipalities analyzed by LGBR, though smaller in total number of cases, have similar ratios of disposed of traffic to criminal cases. In 1997, the court experienced a decline in the number of cases compared with 1996, as there were several retirements in the police department. These retired officers were not replaced until the first quarter of 1998. With the full complement of officers, the activity is beginning to approach, and may even exceed, the 1996 activity. The court expected a forty to fifty percent increase in parking summonses due to the employment of a parking enforcement officer. The full impact of the new parking officer has been delayed due to the need for up-dated signs in the main parking area.

The traffic charges “disposed of” compared to those “added” during the year were 106.44%. Likewise, the criminal offenses “disposed of” were 94.80%. Both are excellent case disposition rates. In 1997, the municipality was sixth among the 21 municipalities in Somerset County for the total number of cases added and disposed.

Bound Brook had good collection rates. The total collections to the total fines and court cost show collection rates of 107.20% and 93.22%.

Monthly time payments as a percentage of fines and cost imposed ranged from 2.01% to 6.99%. Delinquent complaints were not printed as part of the monthly reports in Bound Brook. Year-end data shows that the subtotal of time payment accounts involved was 14 of a total of 376 accounts, representing \$11,243 of a total of \$192,141. This is 3.72% of the time payment accounts and 5.85% of the total time payment dollars outstanding.

Shared Court

In the past, there have been suggestions of combining court operations with South Bound Brook since they already use the same facility for court sessions. Major concerns with consolidation appear to have been what the appropriate division of revenues would be and the unwillingness of the police departments to accept a merged court.

Mendham Borough and Mendham Township operate a shared court. Different sets of books are kept for each municipality. The two communities use the same court facility, court staff, judge, prosecutor and public defender. Bound Brook and South Bound Brook could operate under a similar format.

Establishing a shared court would improve the borough’s eligibility for State funds under the Regional Efficiency Aid Program (REAP), which was enacted by the legislature in 1999. This program, which was outlined in the Property Tax Commission report, provides funds to municipalities and school districts that engage in joint service programs.

Recommendation:

It is recommended that the Borough of Bound Brook investigate a shared court with South Bound Brook.

PUBLIC WORKS

Functions

There are five primary operational areas assigned to the department: (1) road maintenance and repair, (2) refuse collection, (3) parks and grounds maintenance, (4) vehicle maintenance, and (5) sanitary sewers. While there are

always subsidiary missions in any public works department, these are the main categories of work in Bound Brook's DPW. The main areas of subsidiary/seasonal requirements are snow removal, leaf removal, shade tree maintenance, street sign repair and replacement, and catch basin cleaning and repair.

Staffing

The department staffing consists of one superintendent, a working foreman, a mechanic and assistant mechanic, three equipment operators and six laborers for a total of thirteen employees.

Of the above staffing, six personnel spend approximately 90% of the time with garbage collection, one operator spends approximately 90% of the time with street sweeping and one mechanic spends approximately 80% of the time with vehicle repairs. The remainder of the time, these personnel support other DPW functions. The superintendent coordinates the entire operation. The remaining four employees are not assigned to any particular function.

The DPW workforce is able to deliver a variety of services. Although there is a limited number of formal titles, the department utilizes the staff's many talents and has significant degree of flexibility. These qualities and flexibility are extremely important in an operation of this size.

Financial

In 1997, the department spent \$494,461 in salaries and direct benefits, \$23,095 in overtime, \$82,009 in other expenses and \$368,059 in tipping fees for a total of \$967,624.

Record Keeping/Workload Analysis

A daily assignment form is completed by the superintendent. There are no other daily work records maintained with time worked on particular activities or any other reports that could be used for management or planning purposes. Although this operation appears efficient, it is not possible to measure the efficiency of these activities without adequate records. The only quantifiable functions of this department are the refuse collection, vehicle maintenance, street sweeping and, to some extent, leaf removal operations.

A weekly written work schedule is not maintained and the department does not use a time clock. Work time is maintained by the superintendent. While a daily assignment form is maintained, there are no completion reports. As a result, there is no formal record of the many and varied missions completed by the department. Also, there was a flood at the DPW last year and any historical records that existed were destroyed.

Recommendation:

It is recommended that written weekly work schedules be prepared in advance and followed to the greatest extent possible. Employee time records should be kept in a format in which both the employee and the supervisor sign to verify the accuracy of the time submitted. Completion reports should also be prepared and compared against the schedule. These reports can be used in the future for management and planning purposes.

The department also responds to many emergency calls and perceived emergency calls. Municipal officials often call the DPW directly requesting immediate action with existing problems. The daily assignments are disrupted, as workers who are already deployed on one mission must be shifted to another mission because the municipal official requests immediate action on a particular issue. Often the existing condition does not require immediate action and can be incorporated into the work schedule. This constant re-deploying of the work force is an inefficient use of the DPW staff. The superintendent and the DPW staff should have the authority to prioritize requests from municipal officials and schedule the work accordingly. At the very least, workers should be deployed to another job after the current job has been completed.

Recommendation:

It is recommended the borough establish a standard operating procedure to handle work requests from municipal officials. All municipal officials should understand the cost involved in stopping work on one

project to respond to another project. When an emergency does exist, the DPW should respond immediately and appropriately to ensure that the public's safety is not compromised.

RECYCLING

Somerset County is contracted for curbside pick-up of recyclables. The municipality recycles approximately 57% of its waste stream. Pick-up is every other week. The county charges \$23.50 per household for the 3,060 participating households. The total cost for the entire municipality is \$71,910. It is cost effective for the municipality to contract this service through the county.

We commend the interlocal cooperation between the borough and Somerset County.

GARBAGE COLLECTION

Garbage in Bound Brook is collected once per week in each household. Residential refuse collection is conducted three days per week: Tuesday, Wednesday and Thursday. The borough uses two routes with two compactor trucks on these days. On Mondays and Fridays, trash is removed from school and the municipal receptacles in the business districts.

Staffing

This function is staffed using six DPW personnel: three equipment operators and three laborers. These personnel support other DPW operations when garbage collection is complete.

Equipment

This operation uses two twenty-five yard compactor trucks for residential collection, and one or two trucks to pick up municipal and school garbage. The borough also has two spare trucks, which are used when the primary trucks are not operating properly.

Financial

The annual cost of this operation in 1997 was \$270,773, which included salaries and direct benefits \$225,705, indirect benefits \$43,078, overtime \$11,350, equipment two garbage trucks \$14,425, vehicle maintenance \$5,388, fuel \$950, and other expenses \$12,955.

In 1997, the municipality deposited 2,578 tons of municipal garbage at the transfer site. The operational collection costs, not including tipping fees, was \$105 per ton.

Route Analysis

An analysis of the 1997 tipping slips was conducted. The 25-yard compactor trucks can hold about 12 to 13 tons. These trucks are dumping at the transfer station just over half full, as the average load was approximately 6.6 tons. This indicates that the routes are inefficient. These routes may have been efficient when first initiated; however, there have been steady increases in level of recycling, which probably rendered the routes inefficient.

Also, on a regular basis, the trucks will dump four or five tons at the transfer station on Thursday and then return to the transfer station on Friday with only one or two tons of municipal garbage. In this analysis, the average tonnage on Monday and Friday was 3.75 tons. Trucks have dumped on Mondays and Fridays with less than one ton 17.4% of the time.

The borough's operational cost of \$105 per ton greatly exceeds the cost in the market place for this service. The current market cost for this service is between \$54 and \$60 per ton. Any of the following alternatives would provide a savings to the municipality and the taxpayers.

Alternative 1: Solicit Bids

The borough should consider contracting with a private hauler for its garbage collection services. If the municipality were to obtain a contract at \$60 per ton, the approximate savings would be \$116,924 annually. At the very least, the borough should solicit bids from private haulers to test the market.

Alternative 2: Restructure Collection Routes

The borough should consider restructuring the existing collection routes. Routes could be restructured from the current two vehicles with three man crews; three days per week to one three man crew, five days per week. The estimated cost of this operation would be \$136,460 in salaries and benefits, \$8,613 in overtime, \$10,400 in equipment and debt service for new vehicle, \$2,694 in maintenance, \$425 in fuel, and \$12,955 in other expenses for a approximate total cost of \$171,547. Based on the 1997 tonnage figures, the estimated cost per ton cost would be \$67. By restructuring the current routes, the borough would save \$38 per ton or approximately \$99,226 annually.

	Current Routes	New Routes	Savings
Salaries & Benefits	\$225,705	\$136,460	\$89,245
Overtime	\$11,350	\$8,613	\$2,737
Equipment	\$14,425	\$10,400	\$4,025
Vehicle Maintenance	\$5,388	\$2,694	\$2,694
Other Expenses	\$12,955	\$12,955	-
Fuel	\$950	\$425	\$525
Total Costs	\$270,773	\$171,547	\$99,226
Annual Tonnage	2578.15	2578.15	2578.15
Cost Per Ton	\$105	\$67	\$38

Alternative 3: Automatic Loaders

The borough should consider taking advantage of the latest technology. The municipality could operate automatic loaders with a single vehicle and driver. This alternative also involves restructuring the collection routes somewhat because certain areas of the borough are not conducive to the automatic loaders. It is believed that about 60% of the borough would be able to use these loaders. Routes using only a single driver would be devised for those areas conducive to the automatic loaders. The same automatic loader would be used on different days with a two man crew for those areas not conducive to the automatic loaders. The municipality would save approximately \$116,924 by eliminating one entire vehicle and crew and would also gain a \$48,000 productivity enhancement, based on 60% of the operation being automated. The cost of the new loaders would be an additional \$18,800 value added cost in capital for ten years. The net savings for this alternative would be \$98,124 plus the \$48,000 productivity enhancement for a combined annual savings and enhancement of \$146,124.

Recommendation:

It is recommended one of the above alternatives be investigated and implemented.

Cost Savings: \$99,226 - \$146,124

Tonnage/Tipping Fees

In 1997, the borough's tipping cost dropped from \$130 per ton to \$72 per ton due to a state court ruling concerning waste flow. This \$58 tipping fee decrease will save the municipality approximately \$149,500 in 1998.

The current market tipping costs, after the court ruling, are approximately \$45 to \$50 per ton. Bound Brook's current cost of \$72 per ton is significantly above the current market rate. If the current transfer site continues to charge approximately \$22 per ton above the market rate, the municipality should investigate other transfers sites within a reasonable distance of 15 to 20 miles. The additional transportation costs, based upon a mileage rate of

\$0.41 per mile and traveling an additional 20 miles each way, would conservatively cost the borough an additional \$2 per ton. A \$20 reduction in the current tipping fee from \$72 per ton to \$52 per ton, based on 1997 tonnage, would save the municipality \$51,563.

The collection and disposal of solid waste is regulated by the Department of Environmental Protection (DEP) pursuant to the Solid Waste Management Act. Under the Act, each county in the State is required to adopt a solid waste management plan, which provides for and governs the manner in which solid waste is to be collected and disposed within the county. Any arrangements made by municipalities within a county for the collection and disposal of solid waste must be consistent with the county's solid waste management plan as approved by DEP.

Recommendation:

It is recommended the borough, in consultation with the municipal attorney for compliance with the county's solid waste management plan, investigate other transfer sites within a reasonable distance.

Cost Savings: \$51,563

STREET SWEEPING

Bound Brook operates one street sweeper with one operator. There are 21.4 miles of municipal roadway, 3.9 miles of county roadway and 2.1 miles of state roadway. The municipal and county streets are swept every week, weather permitting. Some sections are swept twice per week.

The street sweeping operation sweeps approximately 30 miles per week, 46 times per year, for total of 1,380 annual miles. The salary, wage and benefit costs are \$40,305, the annual capital cost for equipment is \$10,400 and the vehicle maintenance is \$2,694 per year for a total of \$53,399. The street sweeping cost per mile is \$38.69 per mile, which is low, based upon previous LGBR reports.

Recommendation:

While the borough is commended for its cost-effective street sweeping operation, the current level of service should be evaluated. The borough should evaluate whether it is necessary to sweep all its streets 46-52 times per year. The borough might be able to sweep the streets with less frequency and still have clean streets. If it is determined that a reduced frequency for sweeping is satisfactory, the borough may wish to investigate alternative service delivery methods for cost-effectiveness.

The borough sweeps county roads about 45 times a year at an estimated cost of \$6,965.

Recommendation:

The municipality should negotiate with the county for services or payment to reimburse the municipality for sweeping approximately 180 miles of county roads annually.

Revenue Enhancement: \$6,965

LEAF REMOVAL

The department spends approximately nine weeks from October 15th to November 15th removing leaves. Approximately 90% of the leaves are removed during this time frame. Leaves that are put out for pick-up after November 15th must be bagged.

Staffing

All DPW workers are involved in leaf removal during this nine week period. Five vehicles are also used for this operation.

Financial

The total cost of this nine-week operation is approximately \$43,911. The cost in salary and wages is \$38,464 and \$5,447 in equipment, capital, and maintenance costs. The cost to remove leaves after November 15th is not quantifiable because this task is incorporated into the day to day operations.

While the total elimination of leaf removal operations is not possible, LGBR encourages efforts to curtail the leaf collection operation. Some communities have promoted on site composting of yard waste by providing composting bins to residents at cost. If residents participated in on site composting so that fifty percent of the leaves would not have to be removed, the municipality would realize a productivity gain of approximately \$22,000.

There would, of course, be a cost to provide compost bins to residents. The approximate cost for compost bins are \$70 per bin. Some municipalities subsidize some or the entire cost of the bins, while other municipalities supply the bins to residents at cost. Studies have shown that communities that have their residents pay for a portion of the bins have better participation rates. It is suggested that the borough charge residents \$35 per bin. The approximate cost to provide bins to half of its 3,060 households is \$53,550. Similar composting studies have shown that communities with backyard compost programs gain more than \$3.50 in direct, quantifiable benefits for every dollar invested in the program. The bins are, for the most part, a one-time expense that would not occur year after year, while the productivity enhancement would recur annually.

The compost program could also include food waste, which would also reduce the amount of household garbage and, thereby, reduce tipping costs.

Recommendation:

The borough should consider promoting and implementing an on-site composting of yard waste and even food waste.

Productivity Enhancement: \$22,000
Value-Added Expense: \$53,550

VEHICLE MAINTENANCE

In 1997, the department operated 20 road vehicles and various small motorized equipment. This is similar to many small operations where there is more equipment than workers. The average age of these vehicles is more than 17 years old. The newest vehicle in the department is over 11 years old. The vehicles appear to be well maintained, although, there are few records with the actual maintenance performed on each vehicle. Therefore, the average cost for all vehicles is the only analysis available.

Staffing

The vehicle maintenance operation consists of a mechanic and an assistant mechanic. The mechanic spends 3 to 4 days per week maintaining these vehicles. The assistant mechanic assists when help is needed or when the mechanic is on vacation. On average, this equates to one half day per week. When not involved with vehicle maintenance operations, the mechanic and assistant mechanic augment the DPW staff and are active in other functions.

Financial

The 1997, the salary and direct benefit cost for vehicle maintenance work was \$32,346 and the cost for parts and outside vendor repairs was \$28,756 for a total of \$61,102.

Analysis

The cost per vehicle, based on the 20 vehicle fleet, is \$3,055 per vehicle. This is higher than the market cost of this service.

Recommendation:

The municipality should consider having Somerset County perform all vehicle maintenance for public works vehicles. The borough currently uses Somerset County for the maintenance of police vehicles and it has proven to be a successful venture.

Should the borough wish to retain the maintenance of its public works vehicles, it should implement a comprehensive record keeping system. The most useful system would be on a computer with fleet management software. This would allow the maintenance cost of each vehicle to be tracked and aid in the decisions concerning the capital replacement of vehicles. This same computer could be used for all public works record keeping.

Recommendation:

It is recommended the borough implement a comprehensive record keeping system with fleet management software, should it decide to retain vehicle maintenance.

Value-Added Expense: \$1,500 - 3,000

Through the efforts of the business administrator and the public works superintendent, the municipality has obtained four used vehicles from other government entities for one dollar each. These vehicles include a four-wheel drive pick-up truck, a flatbed truck, a small dump truck, and a large tandem dump truck. Based on the remaining useful life in these vehicles, the municipality obtained approximately \$60,000 worth of equipment for only four dollars. This will enable the public works department to retire four of their oldest vehicles. If comparable vehicles were purchased new, the cost would exceed \$170,000.

The borough is commended for this cost effective vehicle replacement practice.

SANITARY SEWERS

An analysis of the suspended solid content in the sewerage flows from the municipality indicates that infiltration contributes significantly to the cost of sewage processing. The borough has completed almost half of the needed repairs to the sewer system; however, the annual infiltration is estimated at 29% percent. The cost to the municipality to process this infiltrating ground water is approximately \$135,000 per year.

The municipality has a comprehensive capital program that extensively uses Community Development Block Grants (CDBG) funds. Due to both need and aggressive pursuit, Bound Brook is the highest recipient of CDBG funds in Somerset County.

In 1994, the borough engineer identified more than 12,500 feet of sewer lines in need of repair. All but 2,870 feet of the 12,500 feet of sewer lines are eligible for CDBG funding. To date, the borough has completed repairs on more than 6,889 feet of sewer using CDBG funds. In 1998, 720 feet of sewer repair was planned using CDBG funds. During the LGBR review, the municipality was awarded \$100,000 of CDBG funds for sanitary sewer repair. Other necessary repairs have been done by developers as part of their redevelopment activity. The municipality has also appropriated funds in its capital budget for the areas that are not eligible for grant funds.

Elimination of just half of the remaining infiltration into the sewers, will save the borough approximately \$67,000 per year. The approximate capital cost of repairing/replacing half of the remaining sections, as cited by the engineer, would be approximately \$396,000.

Recommendation:

The borough is commended for its aggressive effort to repair its sewer infrastructure and its pursuit of grant money to fund these repairs at minimal expense to the taxpayers. The borough is urged to continue with the sewer repairs to reduce the infiltration levels. The savings from the infiltration improvements would pay for the repair costs in the sixth year.

Engineering

Resolution 97-11 appointed the borough engineer on behalf of the mayor and borough council. This resolution does not specify the cost and does not indicate an amount "not to exceed" for the engineer. This resolution also authorizes and directs the mayor and clerk-administrator to execute an agreement with each professional. Agreements outlining expected services and fee schedule were not executed. The rate charged by the engineer is \$80 per hour.

The cost for engineering services has declined over the past three years. The cost for 1995 was \$47,573, for 1996, \$37,106 and \$31,617 for 1997. The borough budgeted \$34,500 in 1997.

The borough manager attempts to keep engineer costs to a minimum by batching many engineering questions and discussions for one call. The borough manager also handles less technical citizens calls related to borough engineering projects.

The borough is commended for controlling and reducing engineering costs.

Somerset County offers engineering services to municipalities. The county has a detailed fee schedule which gives an hourly rate, including overhead costs for all its personnel, such as draftsmen, surveyors and engineers. The Borough of Somerville has used the county for engineering services. Somerville has used a county engineer to review its engineering plans at a rate of \$40 - \$80 per hour. While the borough has reduced and controlled its engineering costs, the borough should compare their current services to the county services.

Recommendation:

It is recommended the borough, in consultation with the municipal attorney, execute a contract annually, or for such other term as appropriate, with the borough engineer in accordance with the Local Public Contracts Law and N.J.S.A. 40A: 9-140. The contract or agreement should clearly state the responsibilities included in the base contract, and should have a cap or an amount not to exceed. Also, a fee schedule for any ancillary services should be addressed. The borough should also investigate contracting with the county for engineering services.

CONSTRUCTION CODE/MUNICIPAL CODE ENFORCEMENT/ZONING

Staffing

In 1997, this office was staffed by a full-time construction official, a full-time control clerk and a part-time plumbing inspector. The plumbing inspector does not have a set schedule. This inspector reports to the borough each day to determine the day's inspections.

The construction official also serves as the building inspector and the zoning officer. The control clerk spends approximately fifty percent of the time on construction code functions and the remainder on municipal code functions.

The municipality also contracts to private vendors for electrical inspections and fire sub-code inspections. These inspections are not funded with taxpayer dollars. These vendors collect fees from the property owners and pay an administrative fee to the municipality for each inspection done.

The borough is commended for charging users rather than all taxpayers for these services.

Financial

In 1997, the salary and direct benefit cost were \$119,990, other expenses were \$3,754, and vehicles and vehicle maintenance expenses were approximately \$4,300. The total expense for this operation was approximately \$128,044. Approximately \$80,800 of this expense can be attributed to construction code activities.

In 1997, the department collected revenues of \$158,326 for all permits and fees. According to the 1998 budget, the borough collected \$131,639 in UCC fees. The department also generated

another \$26,855 in fines imposed by the court for various property maintenance and zoning violations. The department generated a total revenue of \$185,181 including \$4,668 in state funds, which were collected locally.

The borough is commended for a self-supporting construction code operation.

The plumbing inspector receives an annual salary of \$6,113 and also receives health, pension and medicare benefits valued at \$5,168. This inspector has been employed with the borough since 1971.

Recommendation:

Upon retirement of this individual, it is recommended that the borough hire an employee or a contractor to perform plumbing inspections with no benefits.

Cost Savings: \$5,168

Computerization

The Department of Community Affairs (DCA) requires municipalities to submit monthly reports through the Uniform Construction Code Act Reporting System (UCCARS). UCCARS is an automated accounting and record-keeping system for Code Enforcement Officials designed to reduce paperwork generated from UCC administration. The Borough of Bound Brook complies with this mandate and submits its data on UCCARS.

In addition to UCCARS, the construction office also has an automated system for property maintenance code enforcement. When an inspector finds a violation, the block and lot numbers and violation code are entered into the computer. A letter is automatically generated to the property owner stating the specific code violation and is immediately placed in the mail. Owners are given a specific amount of time to address the violations before fines are imposed. If the violations are not addressed within the specified time period, a summons is issued.

Several municipalities have contacted the borough to emulate the automated code enforcement system.

The borough is commended for its efficient code enforcement system.

Property Maintenance

The municipality has a very strict property maintenance code. This policy has greatly improved the esthetic and financial value of the properties in the borough. Using the automated system has been a significant asset to property maintenance enforcement issues.

The borough is commended for using the property maintenance code to improve the esthetic appearance, financial value and quality of life in the community.

Community Development

A special improvement district (SID) was created for the purpose of promoting economic and general welfare in the Main Street area, as well as for purposes of permitting capital improvement projects to be undertaken for the benefit of the SID. Basically, the mission of the SID is business retention and attraction.

The SID is governed by nine members who serve three-year terms. The commission is comprised of residents, merchants, property owners and one council representative. The members are appointed by the mayor and council.

A part-time planner is responsible for the day-to-day operations of the SID. In 1997, the planner received salary of \$15,400 and pension, social security and Medicare benefits totaling \$1,178. No medical benefits were received. Operating expenses were \$15,222 for a total budget of \$31,800.

The district has received various grants from sources such as New Jersey Transit, Somerset County Economic Development Program, the State Arts Council and the Intermodal Surface Transportation Efficiency Act. In 1997, the borough received \$350,000 from New Jersey Transit for repairs to the train station.

The borough is commended for its pursuit of grant money to fund SID projects.

In 1993, \$90,000 was appropriated by the borough to provide the initial funding for the SID. Since then, the special improvement district has been funded by special assessments to property owners in the SID. This assessment was waived and not collected in 1996 and 1997 because there were sufficient funds from previous years. The assessments were collected in 1998.

PLANNING/ZONING BOARD**Organization**

The planning/zoning board is a merged board composed of nine regular members and two alternate members. The board meets in the council chamber/courtroom on the second and fourth Thursday of each month. The team

observed that the board is composed of different factions with differing ideas and methods regarding the best way to plan and lead the community.

Staffing

The board employs a part-time secretary and contracts for consultants, such as an attorney, a planner and an engineer, as needed.

Financial

In 1997, the planning board spent \$2,850 in salaries, \$265 in direct benefits and \$6,095 in other expenses for a total of \$9,210. Included in the other expenses were \$5,492 for consultants.

The planning board attorney receives \$130 for attending each meeting. Additional work is billed at \$145 per hour. In 1997, the planning board attorney received approximately \$9,464 for planning board work. Of this amount, \$4,585 was paid by the borough and \$4,879 was paid by developers.

Master Plan

The most recent master plan is dated November, 1988. The municipality is in the process of revising the master plan. This project has no definite completion date. According to N.J.S.A. 40:55D-89, the governing body shall provide a periodic reexamination of its master plan at least once every six years.

Recommendation:

It is recommended the borough complete its master plan review in accordance with state statutes and develop an action plan to comply with the periodic reviews every six years. Routine reexaminations of the master plan should give some guidance to the differing factions and views of the planning board.

RECREATION

Organization and Staffing

The Recreation Department is headed by a part-time director of recreation who is advised by a twelve-member Recreation Advisory Commission. The commission is comprised of a chairman, vice chairman, five members, two alternates, a council liaison and secretary volunteer.

The current recreation director was originally a member of the advisory commission for five years and has been director for five years. The remainder of the department staff are temporary recreational workers.

In 1997, the department used 51 temporary workers. There was a park & pool director, an arts & crafts supervisor, a playground supervisor, three lifeguard/swim instructors, teen coach, two gate guards, a maintenance person and 40 seasonal workers.

The DPW assigns an individual on a part-time basis to maintain the parks and get them ready for changes in the seasons. This individual works on a project basis, rather than an hourly status, so that costs are nearly impossible to track.

Revenues and Expenditures

The Recreation Department offers a variety of recreational programs that are primarily organized around the swimming program at Codrington Park and facilities made available by the high school. In 1997, the department expended \$92,056 in salaries and \$8,851 in direct costs. Program fees and pool passes for the swim program totaled \$27,538.

Due to demographic changes in the borough, pool registration has leveled off in recent years. Child badges recorded a high in 1969 of 1,981 child badges to a six-year average of 923 from calendar years 1992 through 1997. Adult passes showed a similar trend with the highest adult

registration of 366 shown in 1974 in comparison to the six year average of 314 for the same six year period for calendar years 1992 through 1997. In 1996, Codrington Pool had an excellent year showing the highest total of receipts for swim lessons, most senior citizens registered and the greatest number of guests.

Facilities

There are three primary park facilities including:

- *Codrington Park* which has two pools (a swimming and wading pools) and two tennis courts;
- *Tea Street Park* has a little league field and concession stand; and
- *Billian-Legion Park* has an exercise/walking track, children's playground, and softball field. There is also a separate tot lot facility that was being refurbished during the time of the review.

The Tea Street lot was newly developed in 1979 and in 1997 qualified for a \$15,000 development grant from the State to upgrade handicap access, upgrade playground equipment and the addition of the concession stand.

The Billian-Legion Park is the most recent park to be developed through the efforts of a private citizen utilizing land purchased from the American Legion. Through extensive volunteer effort swings, crawl-through, tunnels and a cable ride were assembled. These will supplement the wooden train already on site.

The borough is commended for the joint private and volunteer efforts to transform the former dumpsite into a 14-acre park open to borough residents.

Programs and Activities

The Recreation Commission has an arrangement with the Bound Brook School District, whereby, basketball courts and wrestling clinics are made available to borough residents.

The swimming program is the most extensive activity with swimming lessons for Pre-Schoolers, Lifeguard Training, Adult Swim and Aquacise Programs. Additional summer programs at Codrington Park are geared around the pool schedule. The pool operates for approximately 10 weeks each summer from approximately the third week in June (immediately following the close of school) to Labor Day weekend.

Participation for all programs is contingent upon residency requirements and a nominal fee. Fees to cover ticket prices on the special trips are collected. The cost of transportation to the trip destinations is borne by the Recreation Commission and is a budget item.

While recreation is a popular municipal service, public discussions should take place as to whether or not this service should be supported financially in whole or in part by the taxpayers. The recreation commission and the borough council should monitor all programs for participation levels and type of program and comprehensively discuss the possible implementation of a fee schedule. A nominal user fee implemented for most programs would generate additional revenue that could offset operating expenditures and salaries for seasonal personnel. A nominal user fee could eventually make all recreation programs from 50% to completely self-supporting, should the governing body wish to pursue this option.

Based upon the registration and attendance information provided to the review team, not more than one percent of the population participates in the recreation programs.

Recommendation:

Understanding the philosophical differences surrounding fee based and non-fee based programs, it is recommended the borough develop a policy regarding the amount of tax subsidy that the borough deems appropriate for recreation activities in which one percent of the residents participate. We suggest that an average 50% rate of subsidy, which would result in \$22,915 additional revenue based upon 1997 figures, would not be an unreasonable goal. Fees, where appropriate, should be reviewed and updated on a periodic

basis, based on the cost of the service. Programs that reach a broader, less defined audience might remain free of charge since they are open to, and of potential interest to, *all* residents, not just a specific subgroup of users.

Revenue Enhancement: \$22,915

HEALTH

The health program is administered through the Middlebrook Regional Health Commission. The commission was established in 1970. Municipal members include Bound Brook, South Bound Brook, Green Brook, Middlesex, Watchung and Warren. Two members from each Board of Health serve on the commission's governing board.

The borough does not adopt an annual resolution or enter into an annual agreement with the Middlebrook Regional Health Commission to provide public health services. The governing body took formal action when the commission was started, but is not renewed on an annual or regular basis.

Recommendation:

It is recommended that the borough formally renew its arrangement with the Middlebrook Regional Health Commission on an annual or regular basis. A contract or agreement clearly outlining services to be performed should also be executed. The borough should be provided with a certificate of insurance naming the borough as an additional insured.

Staffing

The commission provides the following staff to the borough: a health officer, who serves as the director of the commission, and a health inspector who is currently contracted to work 14 hours per week. Per resolution 97-13, the borough reduced the health inspector hours from 40 hours per week to 14 hours per week. The commission also provides nursing services to the borough using Tri-County/Elizabeth Visiting Nurse Association through a separate agreement with them.

Financial

In 1997, the commission had a total budget of \$352,697. Bound Brook's share was \$67,497. In 1996, before the reduction in hours, the borough budgeted \$92,950 and expended \$92,024.

Middle Brook Regional Health Commission	
Municipality	1997 Budget
Bound Brook	\$67,497
Green Brook	\$45,600
Middlesex	\$93,500
S. Bound Brook	\$31,500
Warren	\$65,900
Watchung	\$48,700
Total	\$352,697

There are a significant number of line items that are subsidized through other means. These include equipment donations through corporate sponsors and physician services/nursing services offered on a volunteer basis which in turn subsidize the Child Health Conference.

Income generated through the commission which go directly to the borough include court fines, food establishment licensing fees, and businesses such as pet stores and tattoo shop inspections.

Services

State law requires the Commission to perform Minimum Standards of Performance (N.J.A.C. 8:52) including the following:

Administration includes full-time health officer (shared) and laboratory services, education programs and public health nursing program which is carried out through a contract with the Visiting Nursing Association and two nurses employed by the commission.

Environmental Services requires two full inspections of public swimming facilities, campgrounds, and youth camps. Inspection of food and drink machines is required and an annual food handler training program. Occupational health and public health nuisance is also required of municipalities but is almost universally delegated to the Board of Health.

Communicable Disease mandates the investigation of reportable diseases. Further mandates include at least one annual clinic offering free immunizations to school age children. The commission operates a monthly immunization clinic. A separate mandate is the requirement of one Rabies Vaccination Clinic, inspection of animal facilities and follow-up on animal bites, quarantine and examination of animals involved in bites. Tuberculosis control requires diagnostic, treatment and follow-up to suspect cases. Through the commission, a clinic is operated and supported at the Somerset Medical Center with the hospital providing the space and equipment. Through the commission contract a clinic for sexually transmitted diseases is operated and funded by arrangement with Middlesex County.

Maternal and Child Health provides immunizations, pediatric examinations and medical guidance, testing for childhood lead poisoning (offered at child health conference), and improved family outcome integrating family planning, prenatal and Women, Infants and Children (W.I.C.) clinics and referral services.

Adult Health Services provides cancer services, including cervical and breast, including follow-up and education. The commission contract supports a clinic that operates 4 days a week. The mandate requires at least one diabetes education program annually. Diabetes screening is conducted at the Health Fair annually. Cardiovascular disease clinic requires testing of one percent of the population for high blood pressure. The commission operates an average of one clinic a week in various locations. The Health Service for Older Adults mandates health needs assessments on 3% percent of the elderly that is accomplished through computer matching of participants. Influenza clinics are conducted every September and October.

There are a number of services provided by the commission including CPR and First Aid Training Certification (AHA approved), Life Guard Training (annually), Vision and Hearing (at Health Fair and on request of Senior Citizen Groups), Home Health Care (provided by VNA), Environmental Services including Ground Water Contamination, Noise, Surface Water, Septic Systems, Wells, Air Pollution and environmental hazards, School Nursing (provided by the Board of Health in Bound Brook), Blood Borne Pathogen and Worker Right-to-Know Training (approximately one dozen training programs for emergency responders and the provision of hepatitis immunizations), County Environmental Health Act (CEHA) inspections (Air Pollution, Gasoline Service Stations, Dry Cleaners and Water Pollution Prevention and Control), and Age of Sale Cigarette Smoking Prevention Program (coordinated education activities). Some of these services are not mandated by law.

The health officer provides an annual report to the borough that presents an overview of activity for all municipal members of the Middle Brook Health Commission. This report provides, in detail, the number and types of varied services performed. The services performed in 1997 are outlined in Addendum B.

Only 37% of food establishment inspections were completed in 1997 and there was no follow through on previously completed inspections. In 1996, before the reduction in hours, there was a 132% completion rate which included an initial inspection and follow through on conditional and unsatisfactory inspections.

Recommendations:

While the borough is to be commended for evaluating health services, it is recommended that the borough re-evaluate its arrangement with the Middlebrook Regional Health Commission.

- **First, the borough should evaluate all services performed by the commission. The annual report provides the information necessary to begin the evaluation. Services provided which are not mandatory under the Minimum Standards of Performance guidelines should be reviewed and a decision whether to continue these services should be made. The expected services should be included in an annual agreement or contract.**
- **Second, a fee schedule for the services should be reviewed. Charging residents a nominal fee for the various clinics and other services, where permissible by law, would provide the borough with a revenue enhancement to offset a portion of the expenditures.**
- **Third, once all the requested services are outlined, the borough may want to consider increasing the hours of the health inspector. This would ensure that inspections, such as those for food establishments, are conducted. If the borough upgraded the part-time position to a 4 day/28 hour weekly position, there would be a 14% increase in the 1997 budget for the Board of Health to \$77,650.**

Value-Added Expense: \$10,153

Animal Control

The borough contracts for animal control services with Garden State Kennels. Garden State Kennels services are overseen by a certified animal control officer. Per resolution 97-7, animal control services are contracted for a total price not to exceed \$11,700. The resolution does not enumerate specific scope of services nor is there an agreement outlining services. It is assumed that the scope of services includes the following: animal impoundment, removal, trapping, and emergency calls for service. Emergency calls for service cost \$50 per incident. The borough solicits quotations from various local animal control providers annually.

In 1996, actual costs were \$5,400 including after hours calls of \$50 per incident. In 1997, actual costs were \$5,850 including after hours calls.

Recommendation:

While the borough is commended for soliciting quotations on an annual basis, it is recommended that the borough enter into an annual contract with the animal control provider. This contract should include the

price and clearly list the scope of services to be included in the contract price. The borough should be provided with a certificate of insurance naming the borough as an additional insured.

The Bound Brook Police Department coordinates the annual canvassing of dogs using senior citizens volunteers.

The borough is commended for its use of volunteers to provide the annual canvassing program at no cost to the taxpayers.

Rather than relying solely on dog and cat owners to register animals and the annual canvass, an informational newsletter is mailed to all residents outlining the health-related reasons for animal registration.

In 1997, there were 609 licensed dogs and 255 licensed cats for a total of 864 animals. The revenue generated at \$7.00 per license was \$6,084.

Vital Statistics

The borough administrator-clerk serves as the registrar of vital statistics. The deputy borough clerk serves as the deputy registrar and actually performs most of the registrar duties with assistance from two other support positions in the clerk's office.

The Registrar shows the following activity level in the borough for the year of 1997: 19 deaths, 178 births and 115 marriages. Total revenue for 1997 was \$5,253.

WELFARE

Work First New Jersey regulations allows each municipality to continue to administer and fund administration of the General Assistance Program or to transfer administration of the program and the cost of administration to the county welfare agency.

In March 1998, Bound Brook transferred its welfare services to Somerset County. At the time, there were four cases that were transferred to the County Seat of Somerville.

Prior to this consolidation, the department was staffed by a director who held the position since January 1991. The clerical assistant had started in March, 1997. Total employee costs totaled \$24,886.

The borough is commended for transferring welfare services with the county and for the complete transfer of all clients and caseloads.

LIBRARY

The Bound Brook Memorial Library serves the combined residents of Bound Brook (9,486) and South Bound Brook (4,230). It is managed by a director under the governance of a Board of Trustees including five residents of Bound Brook, a liaison from South Bound Brook, alternates for the school superintendent and the mayor, and an honorary member. In analyzing the library on a comparative basis for population and expenditures, the combined population and equalized valuations for Bound Brook and South Bound Brook were utilized.

The library marked its centennial year of service in 1997 with various activities including a reception for former Board and staff members, a dedicated concert by the Somerset Valley Community Orchestra, and the 100th Birthday Summer Reading Club.

The library has historically had a high level of participation in community outreach programs including monthly visits to the Nutrition Site in South Bound Brook, donations to the annual CROP Walk for Hunger, and National Library Week visits to the elementary and grammar schools.

Staffing

In 1997, the library employed six full-time and 14 part-time employees. The professional composition includes a director, a reference librarian, an administrative secretary, a children's librarian, and two library assistants. In 1997, the library's full-time equivalent employees (FTE) as reported to the state were 7.8. This figure is 5.1% less than libraries in the same population group and 36% less than libraries in the same expenditure categories.

Hours of Operation

The library has varied hours of operation for the adult room and children's room, which are two distinct areas within the facility.

The Adult Room is located on the first floor and is open on Monday, Tuesday and Thursday from 10 a.m. to 9 p.m.; Wednesday and Friday from 10 a.m. to 6 p.m. and Saturday from 10 a.m. to 5 p.m. The total hours of operation per week for the Adult Room are 56.

The Children's Room is located on the ground level separate from the main area and is open on Monday and Thursday from 10 a.m. to 9 p.m.; Tuesday, Wednesday and Friday from 10 a.m. to 6 p.m. and Saturday from 10 a.m. to 5 p.m. The total hours of operation per week for the Children's Room are 53.

There are no plans to expand the hours of operation to include Sunday.

Revenue and Expenditures

The municipality is required by law to appropriate one-third of a mill of equalized valuation to support the library annually. The combined equalized valuation of Bound Brook and South Bound Brook is \$583,058 resulting in a one-third of a mill calculation of \$194,350. Bound Brook appropriated \$242,124 and South Bound Brook made a contribution of \$70,700 totaling \$312,824 or \$118,474 above the minimum required.

The library received \$10,531 in State Aid and \$10,926 in other revenue sources such as gifts, book sales, donations, interest, fines, lost cards, microfilm revenue, and fees.

The 1997 salaries and direct benefits cost were \$313,497. \$98,600 was expended for other expenses.

In comparison to other libraries, Bound Brook's expenditures are 5.1% more than libraries in the same population groups and 35.4% less than libraries in the same expenditure group.

Friend of the Library

The Friends of the Library was founded in 1981 and works to support library programs and provide services for the library. Through various fund raising efforts they have been able to enhance and enrich the community. Examples of their efforts include assisting with continuation of the Books on Tape program, providing start-up money for a new collection of Juvenile Fiction on audiotape, purchasing of CoreFiche (poetry on microfiche), and purchasing of new table and chairs for the Children's department.

Both the library and the Friends of the Library are to be commended for providing these library services without taxpayer dollars.

Collection

There are 80,582 volumes in the collection or 8.49 per capita. This is 47% higher than comparable libraries in the same population group and 52% higher than comparable libraries with similar expenditure levels.

In 1997, the library purchased 4,550 volumes, which is 42% more than comparable libraries in the same population group but only .05% more than comparable libraries in the same expenditure group.

Technology

There have also been great strides in technology including a new phone system and establishment of internet service. This was accomplished through a contract with Bound Brook High School for "on-line" dial-up access, and a \$5,000 grant award from the Libraries 2000 Program. The grant is intended to give libraries the money for equipment and telecommunication start-up costs through the New Jersey State Library. Through the contract with the high school,

the monthly service provider fee was saved and the borough pays a flat rate of \$83 per month for Bell Atlantic telecommunication costs. Under normal circumstances, the public library would be charged "message units" similar to a small business. By installing a CENTREX line to the High School, the message units were eliminated and a flat rate is charged no matter what the usage. The grant will cover all costs through Calendar Year 1997.

The library currently has ProQuest as a periodical data base, CD-ROM is on-line and InfoTrack is utilized for reference support. There are a total of ten computers for accessing various levels of information, cataloging books, and for use as a word processor. The library staff has had training on WORD for Windows, Netscape, Internet and UMI ProQuest. Until September, 1998, however, there was no one on the library staff capable of providing technical support when hardware or software questions arise. A part-time position was filled to provide technical support to the library staff.

In the last two years, the library received two grants totaling \$11,000 from the State Library for new technology development including computer equipment.

The borough is commended for seeking grants to provide technological improvements at no additional cost to the taxpayers.

Cooperative Effort

The library is a member of the Raritan Valley Federation of Municipal Libraries, which is comprised of eleven libraries throughout Middlesex and Somerset counties. It provides better access to library materials and allows “home” library cards to be utilized at any of the federation libraries.

III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason we present those issues subject to collective bargaining agreements separately in this section.

COLLECTIVE BARGAINING AGREEMENTS

Two collective bargaining agreements operate in Bound Brook. The Policeman's Benevolent Association (PBA) local represents the police and the police superiors officers. The American Federated State, County and Municipal Employees (AFSCME) local represents 15 DPW workers.

Bound Brook PBA Local 148

This collective bargaining unit currently represents 16 police officers - 8 patrolmen, 2 sergeants, 1 detective, 3 detective sergeants, 1 detective lieutenant and 1 investigator. The term of the current contract is from January 1, 1996 to December 31, 1999 and includes wage increases for each year as follows:

1996	3.3%
1997	3.75%
1998	3.80%
1999	3.5%

The borough is commended for controlling costs by utilizing a four-year contract.

Salary Guide

The current number of steps from an entry level patrolman to completion of the probationary period is five. The average number in a survey by the League of Municipalities is 6.5 steps. Below is the salary guide according to the current agreement.

<u>Position</u>	1996	1997	1998	1999
Lieutenant	\$62,691	\$65,042	\$67,514	\$70,113
Sergeant	\$56,746	\$58,874	\$61,111	\$63,464
Detective	\$54,564	\$56,610	\$58,761	\$61,023
Patrolman (probationary period + 3 years)	\$52,372	\$54,336	\$56,401	\$58,572
Patrolman (probationary period + 2 years)	\$47,899	\$49,695	\$51,584	\$53,570
Patrolman (probationary period + 1 year)	\$44,474	\$46,142	\$47,895	\$49,739
Patrolman (after completion probationary period)	\$37,478	\$38,884	\$40,361	\$41,915
Patrolman (during 1 year probationary period)	\$34,614	\$35,912	\$37,276	\$38,712

The salary guide could be expanded by adding an entry-level step and thereby reducing the starting salary of a police officer to \$28,000 - \$29,000. This would be instituted for new hires only and would not affect police officers currently on the force. For every new officer hired in or after 1999, the savings would be \$9,712 to \$10,712, depending on the entry level salary established.

Recommendation:

It is recommended the borough negotiate to add an entry-level step to the current salary guide.

Longevity

PBA members are the only employees in the municipality receiving longevity compensation and receive:

2% of their salaries plus holiday pay	-	after five years of service
3% of their salaries plus holiday pay	-	after ten years of service.

In 1997, the borough paid \$24,452 in longevity benefits with payments ranging from \$1,770 to \$2,191.

Longevity is a benefit with no tie to performance. The borough should negotiate one or a combination of the following options:

- To eliminate holiday pay from the longevity calculation. If officers received longevity based only upon base salary, the borough would have saved \$2,049 in 1997.
- To make longevity payments a flat dollar amount. The borough could cap the longevity payments at the 1997 percentages. These proposed flat amounts are based upon the 1997 percentages using base salary only.
- Eliminate longevity completely.

	1997 Base	2%	3%
Lieutenant	\$ 65,042	\$ 1,301	\$ 1,951
Sergeant	\$ 58,874	\$ 1,177	\$ 1,766
Detective	\$ 56,610	\$ 1,132	\$ 1,698
Top Patrolman	\$ 54,336	\$ 1,087	\$ 1,630

The longevity payments could be as follows:

	After 5 Years	After 10 Years
Lieutenant	\$ 1,301	\$ 1,951
Sergeant	\$ 1,177	\$ 1,766
Detective	\$ 1,132	\$ 1,698
Top Patrolman	\$ 1,087	\$ 1,630

According to the current contract, the 1998 increase is 3.8%. By capping the longevity payments in the above manner, the borough would save \$851 in 1998 and a comparable amount every year after.

Recommendation:

It is recommended the borough negotiate to modify or eliminate longevity compensation.

Cost Savings: \$851 - \$24,452

Lost or Damaged Equipment

The clauses pertaining to lost or damaged equipment state that “the borough shall repair or replace any item of the officer’s designated uniform, equipment or personal property that is lost or damaged in performance with his duties.”

Recommendation:

It is recommended the borough consider eliminating this provision because it is duplicative of the maintenance allowance.

Clothing and Maintenance Allowance

In 1997, each officer was entitled to \$475 for clothing and \$490 for maintenance of clothing totaling \$965.00. In both cases, the voucher system is utilized and clothing must be purchased from a borough approved vendor.

Recommendation:

The State Police (NJSP) quartermaster or replacement program entitles State Troopers to \$285 annually. It is recommended the borough negotiate the NJSP quartermaster or replacement program at \$300 per year.
Cost Savings: \$11,305

Bullet Proof Vests

The contract states that the borough shall pay for one bullet proof vest for each member of the department and that all vests will be replaced at the expiration of their useful life.

In 1997, the Division of Criminal Justice instituted the Body Armor Replacement Program. One dollar from certain traffic tickets is collected by the State and funds are distributed back to municipalities to fund the purchase of bullet proof vests.

Each municipality that submits a grant application can receive annual funds to purchase vests for one-fifth of their complement of full-time, sworn officers, if enough funds are available. Each municipality is guaranteed to receive at least \$500.

The useful life of a bullet proof vest is approximately 5 years. Based upon the current size of the police force, the borough will be replacing approximately three to four vests per year. The cost for a new vest is approximately \$500. It is believed that the Body Armor Replacement Program should cover the costs to replace three to four vests per year.

Recommendation:

It is recommended the borough consider eliminating or modifying this provision. The language concerning the purchase of bullet proof vests is also duplicative of the maintenance clause in the clothing section. The borough should attempt to replace vests solely through the Body Armor Replacement Program.

Sick Leave

The sick leave policy grants fifteen (15) days per year, which can be accumulated without limit. In 1997, three police officers retired and received retirement payouts totaling \$59,823. If the borough had a sick leave payout cap of \$15,000 like the State, the borough would have saved. \$14,823.

Recommendation:

It is recommended the borough implement the sick leave payout cap used by the State of no more than \$15,000 per retiree.

Cost Savings: \$14,823

In cases of three (3) days of consecutive reported absences due to illness or disability, the Chief of Police shall have the right to require a doctor's certificate of illness. The Chief of Police is precluded from contacting an officer's physician without the officer's prior consent.

Recommendation:

It is recommended the borough negotiate to also require a certificate of fitness to return to duty from the physician besides the certificate of illness.

Vacation Leave

Non-union employees (except dispatchers) earn vacation 415 days over a 25-year period and dispatchers earn 502 days over the same period. DPW employees will receive 415 days over 25 years, while PBA members will earn 517 days over the same period.

Recommendation:

It is recommended the PBA and dispatcher vacation allotment be negotiated to something comparable to other borough employees.

P.B.A. Delegate

There are paid leaves of absence to every person in county or municipal service who is a duly authorized representative of the New Jersey Patrolmen's Benevolent Association, Inc. to attend any State or national convention of such organization.

Recommendation:

It is recommended vacation schedules be adjusted during known periods of conferences or conventions in order not to incur additional overtime. These blackout periods should be thus stated in writing.

Retirement Benefits

The contract states that members of the Police Department with twenty-five (25) years or more of service shall be entitled to severance pay equal to 25% of his annual salary without deduction for vacation or sick time.

Recommendation:

It is recommended the borough negotiate to remove this provision as the language outlining severance pay is duplicative of the pension for all retiring police officers. A cap of \$15,000 should be implemented, as previously recommended in the sick leave section.

Court Pay

All court attendants and members of the police department who are called in to attend court shall be paid a minimum of (2) hours of overtime pay at the rate of time and one-half.

Reimbursement for Expenses

The contract states that meals and mileage expense shall be paid to officers who attend court outside the borough or on an overtime assignment.

Educational Incentive Compensation

The Borough pays each officer the sum of nine dollars (\$9.00) per credit earned, up to a maximum of one hundred (100) credits for a maximum total of \$900. All credits previously earned and those while employed as a police officer of the Borough shall be included. In 1996, the borough paid \$6,138 for educational compensation. 1997 figures were not available.

If the borough requires a college degree as a prerequisite for employment for all new officers, the educational incentive compensation could be eliminated. Up to \$900 per officer per year could be saved. Over a 25 year career, up to \$22,500 could be saved per officer.

Personal Leave

All police officers are granted four (4) personal days per calendar year. Patrolmen on the twelve-hour schedule receive 48 hours of personal leave equaling six eight-hour days. Administrative officers and detectives on the eight-hour schedule receive 32 hours of personal leave. Unused personal days may be carried into the next calendar year. There is no limit on the number of personal days that can be accumulated. State employees are granted 3 personal days, which can not be carried over into the next year if unused.

Recommendation:

It is recommended the borough negotiate to reduce the number of personal days to three eight-hour days, which must be used during the calendar year. This would be comparable to the State personal leave program. The personal days should be presented in hours as a patrolman's personal day consists of twelve (12) hours. The borough should also negotiate to eliminate the accumulation of personal days.

Cost Savings: \$6,134

On Call Subpoena Pay

The contract entitles all members of the police department to two hours of regular pay for each eight hours during which they are on call for a trial.

Recommendation:

It is recommended the borough negotiate to eliminate this provision. Police department records were not adequate to calculate cost savings.

Detective on Call Pay

Each detective shall be entitled to on call compensation which is one hour of regular hourly pay for each day on call for at least eight hours in addition to appropriate pay for the hours actually worked.

Recommendation:

It is recommended the borough consider removing this language as it entitles the officer to compensation while in a “waiting mode”. Police department records were not adequate to calculate cost savings.

Out of Rank Pay

The contract calls for compensation for more than two consecutive days in a position out of rank.

Recommendation:

It is recommended the borough negotiate to modify this provision to require work of more than 30 consecutive days in an out of rank position to be eligible for compensation.

Call Back Pay

Employees are entitled to a minimum of four hours of overtime pay for being called in for hours not contiguous to the regularly scheduled shift. This is in addition to appropriate pay for the hours actually worked.

Recommendation:

It is recommended that the call in pay be negotiated to a minimum of two hours and that the officer is required to actually work for the entirety of the two hours. Police department records were not adequate to calculate cost savings.

Iv. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

Bound Brook is a community with some excellent examples of shared services. As noted in the preceding sections, regionalization and shared services have been aggressively pursued and include:

- Sharing of resources and equipment
- Natural gas consortium
- Joint insurance funds
- Sharing of court facility with South Bound Brook
- Joint library with South Bound Brook
- Regional health services
- Various county services
 - Somerset County Cooperative Pricing System
 - Recycling
 - Public assistance program
 - Police fleet maintenance
- Various school services
 - The borough and the school system pay the salary of one employee to maintain all municipal and school grounds owned.
 - The school board has offered the LaMonte Elementary School building to the borough for \$1.00 to utilize as they see fit.
 - The borough performs all garbage collection for the schools.
 - The borough and the school libraries work closely together regarding Internet access.
 - Sharing of recreational facilities.

The borough is commended for its many shared service initiatives.

Recommendation:

It is suggested that the borough form a committee to monitor existing shared services and to further develop shared services with the school district, municipalities and other public entities. Opportunities for additional shared services and joint savings include:

- 1) dispatch services (discussed in Police Section)**
- 2) joint court with South Bound Brook (discussed in Court Section)**
- 3) payroll processing**
- 4) computer technology, training and maintenance**
- 5) snow plowing, sanding/salting**
- 6) lawn and field maintenance**
- 7) building maintenance**
- 8) vehicle repair and maintenance**

Shared services and cooperative agreements should be items for discussion in periodic meetings with municipal and school officials.

V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing State regulations or statutory mandates are brought to the attention of the LGBR review team by local officials which appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to attribute high costs and increased taxes to “State mandates”. Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

It is common for local officials to blame tax increases on “State mandates.” Each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that have an adverse impact on the cost of local government. The findings summarized below will be reviewed by the appropriate State agency for the purpose of initiating constructive change at the State level.

Electronic Ticket Filing

Borough officials have indicated that the electronic ticket filing and posting system is not available to the police departments. According to N.J.S.A. 2B:12-30, the AOC is authorized to provide hand held ticketing devices and printers to parking authorities and agencies. The borough currently has a parking commission. It is uncertain whether the Parking Commission, as established, would be eligible for this program. LGBR has contacted the AOC and they expressed a willingness to meet with borough officials to examine this matter.

It is estimated that court staff could save approximately eight hours per week if the electronic ticket filing and posting system were made available to the borough resulting in a productivity enhancement of approximately 59 hours valued at \$4,225.

If this system were made available to all municipalities through the Automated Traffic System/Automated Complaint System (ATS/ACS), there would be a substantial productivity enhancement of time saved for all municipal court offices.

LOCAL GOVERNMENT BUDGET REVIEW TEAM

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David Mortimer, Associate Deputy State Treasurer
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Naomi Bourodimos, LGBR Team Member
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Jim Bruthers, Division of Taxation